



## Interim Results

For the period ended 30 June 2020 ('H1 2020')

September 2020

## Presentation team:

David Whelan, CEO  
Séamus Larrisey, CFO



## Overview of VRE

- VR Education is a leading virtual reality ('VR') technology company focused on the education and enterprise training space. It aims to become the world's largest crossed reality ('XR') communications and training platform provider
- Established in 2014, VRE have collaborated with well known organisations, including the BBC, Oxford University, US Space Centre, US Air Force Academy and Facebook creating memorable learning experiences and communication networks
- In May 2020, VRE announced a strategic partnership and investment from Taiwanese company HTC to service the Chinese market providing full end to end communication services in that region
- VRE has two main components to its business: the first being a production house that develops its own standalone educationally based VR titles which are sold on platforms such as PlayStation, Oculus, Steam and Viveport stores. The second much larger component is the platform development house where the team has built the ENGAGE communications and training platform.
- Based in Ireland, VRE currently employs 42 staff and its board membership includes the current CEO of Virgin Media Ireland, the former CFO of GVC Holdings Plc and also an advisory board member, Loren Carpenter, the co-founder of PIXAR Animation Studios.

The word "ENGAGE" in a bold, black, sans-serif font with a blue horizontal line underneath.

COMMUNICATE/TEACH/LEARN

ENGAGE Trailer



## H1 2020 operational highlights

- HTC Vive Ecosystem Conference held virtually inside the ENGAGE platform in conjunction with HTC Corporation in March 2020
- Subsequent €3.0m investment from HTC Corporation and strategic partnership agreed for the distribution and licence of the Group's ENGAGE platform globally through HTC enterprise sales channels
- Significant increase in demand noted for Group's ENGAGE platform as a communications tool and for event hosting; Android mobile version launched
- Partnership agreement with US-based VictoryXR, a world leader in VR and augmented reality content creation for schools and education
- MOU entered into with UK-based Virtual College, an industry-leading digital learning solutions provider, to provide and deliver technology enhanced learning solutions in the UK and Middle East

## H1 2020 financial highlights

- Revenue increased by 37% to €681k (H1 2019: €497k)
- ENGAGE revenue accelerated during H1 2020 and the Group is currently on track to meet FY 2020 expectations, currently comprises 33% of total Group revenue in H1 2020 (H1 2019: 18%)
- In line with management expectations the EBITDA result was unchanged at a loss of €0.9m (H1 2019: loss of €0.9m)
- Result before tax was a loss of €1.1m (2019: €1.2m)
- Commercial agreement with HTC for the resale of ENGAGE services within Greater China and subsequent successful fundraise of €3.0m (€2.93m net of expenses) from HTC – significantly underpins external confidence in the Group
- Net cash as at 30 June 2020 of €3.2m and at 9 September 2020 of €2.9m
- Loss per share for the period of €0.01 (H1 2019: €0.01)
- ENGAGE revenue post period end comprised 68% of total post period end Group revenue showing the significant traction in ENGAGE



### Establish ENGAGE as a world leading digital communications platform

## Objective

The ENGAGE platform is now focused as an alternative to video based communications platforms such as Zoom, Microsoft Teams and Skype delivering next generation collaboration, distance learning, virtual events and content development tools

## Strategy

- 1 Drive commercial adoption and revenue on ENGAGE by:**
  - Partnering with leading OEM and telecommunication companies to deliver communications tools to their current customer bases both commercial and private
  - Partnering with VR/AR hardware manufacturers to package tailor-made solutions for corporate/simulated training such as safety/medical training and distance learning
- 2 Provide complementary content attached to showcase experiences, produced and released on a regular basis**

# ENGAGE

COMMUNICATE / TEACH / LEARN

## PLATFORM OVERVIEW





## Key features of the ENGAGE platform



### Scalable Server Deployment

ENGAGE scales as needed to accommodate remote connections on demand using AWS and Photon services



### Single Session Avatars

Connect up to 70 people remotely from all over the world in the same virtual room for collaborative tasks all with full body avatars



### Projected Presence

Need to reach more than 70 users in a single session? Use our projected presence system and clone your avatar into multiple rooms at the same time. Ideal for large events hosting thousands



### Media Streaming

Share all types of media including 2D, 3D, and 360 video support, integrated web browsing and full desktop screen sharing



### 30+ Virtual Locations

Hold sessions in several different locations from virtual lecture halls, meeting rooms, offices, surface of the moon



### User Management

Setup your organization and manage your teams access to content and features



### Build & Share Content

Create presentation style content within the ENGAGE platform using our recorder feature or create immersive training with our inbuilt editor



### Interactive Objects

Collaborate and create immersive experiences with a wide range of interactive objects and features



### Cross Platform Support

ENGAGE has cross platform support for all the major VR platforms and also supports standard Desktop PC's, Tablets and Phones



### Quizzes and Forms

Create and manage your own quizzes and forms using our web app and deliver them to users inside your virtual sessions



### Cloud Sharing Integration

Connect your account to Google Docs, OneDrive or Dropbox to share documents and cast them on our virtual screens



### 1,200+ Free 3D Objects

Using our ENGAGE IFX system you can load 3D objects and effects into your virtual environments



### Session Scheduling

Schedule events, classes, meetings or conferences using our web app and invite users to your sessions

ENGAGE Web App Access

<https://app.engagevr.io/>

## ENGAGE special events

With so many conferences being cancelled over health concerns VRE helped HTC to hold their annual Vive Ecosystem Conference inside VR

This conference had over **1,000** concurrent users logged in via VR devices and **1.1 million** viewers watching the live stream in over 50 different countries

Speakers logged in via VR and standard desktop computers to take part in this five hour event

### Benefits Include:

- Inexpensive compared to real life events
- Natural social conversations can take place in large networked areas
- Live spatially recorded events can be made available to the public via ENGAGE services all year round
- Increased production possibilities available

# htc



*HTC Vive Developer Conference 2020*



## ENGAGE special events

ENGAGE is being utilised for many events on a weekly basis for both small and large organisations around the world.

Some of the bigger names hosting revenue generating events inside ENGAGE since 30 June 2020 include Ericsson, the Swedish telecoms firm and also The Xprize Foundation, a non-profit organisation that designs and hosts public competitions intended to encourage technological development to benefit humanity.

Expect to hear more exciting news in the coming weeks.



## ENGAGE – training and learning

Since 30 June 2020, ENGAGE has signed up a range of new organisations many of which are based in the US, these include:





Stanford  
University



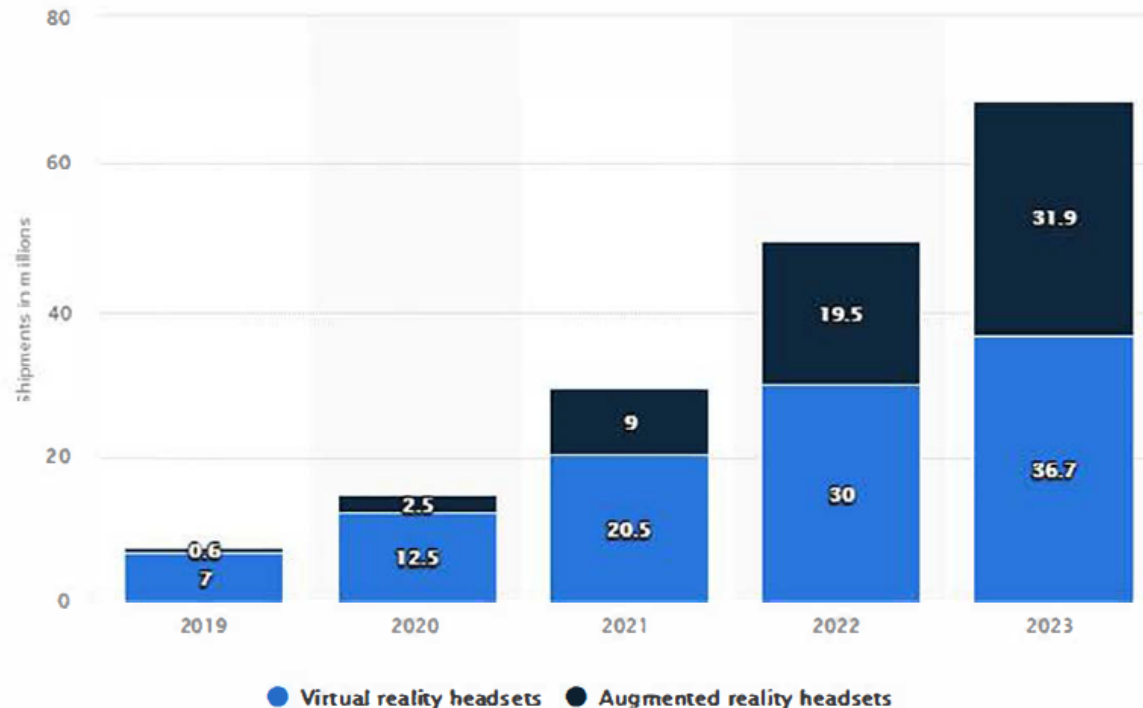
Colorado  
State  
University





# Market overview - forecasted rise of AR & VR

Forecast unit shipments of augmented (AR) and virtual reality (VR) headsets from 2019 to 2023 (in millions)



"Estimates suggest that in 2019, sales of virtual reality (VR) headsets will reach around seven million units, while augmented reality (AR) headset sales will climb to about 600 thousand. Forecasts project massive growth in both AR and VR headset sales in the coming years, with both technologies expected to sell over 30 million units per year by 2023."

Source: [www.statista.com](http://www.statista.com), Sept 2019

In China 200 million students have now had to go online to progress their education [Click Here](#)

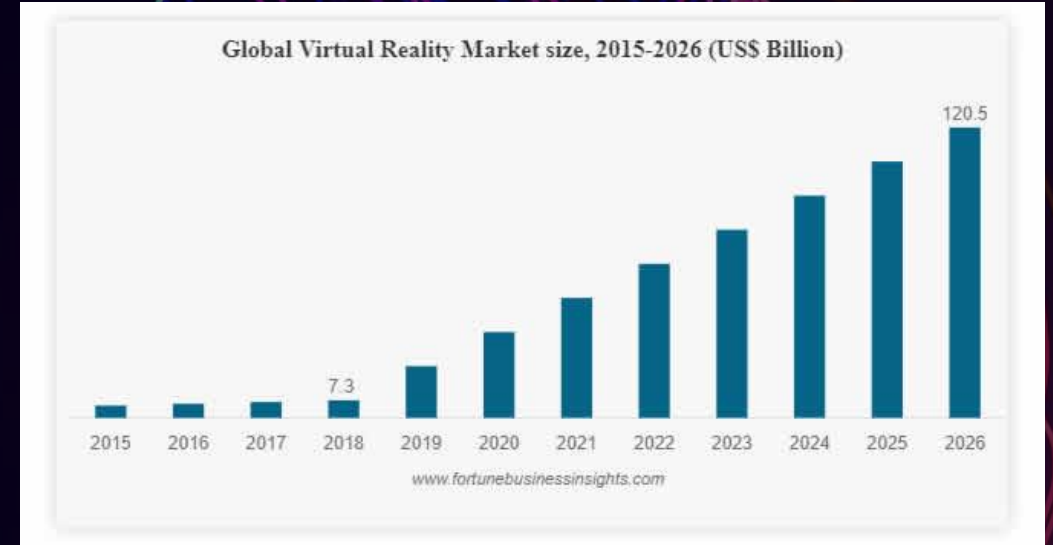
The ENGAGE platform is tailor made to service this need.

## Market overview – positive momentum

VR has had slow but steady growth over the past three years mainly due to the hardware needing to be connected to a PC and being quite expensive for consumers

With the release of Facebook's Oculus Quest at less than the price of an Apple iPad (US\$399) and alternatives such as the HTC Focus and Pico now on the market, uptake in VR/AR is growing faster than ever

Telecoms companies are now also pushing AR/VR to upsell customers to new 5G data plans. Some customers will receive VR hardware along with a new phone handset when they sign up for a new 5G data plan. This is how we believe immersive technology will become mainstream



VR industry set to a US\$120 Billion market place by 2026  
Reference: [Click here](#)







## FINANCE SUMMARY



## Financial summary: Income statement

€'000	H1 2020	H1 2019
Revenue	681	497
Gross Profit	478	280
EBITDA	(875)	(898)
Adjusted loss from continuing operations	(1,133)	(1,173)



## Financial summary: Balance sheet

€'000	30 June 2020	30 June 2019
Property, plant and equipment & leased assets	<b>84</b>	152
Intangible assets – software in development	<b>1,218</b>	1,205
Trade and other receivables	<b>301</b>	290
Cash and short term deposits	<b>3,234</b>	2,221
<b>Total assets</b>	<b>4,837</b>	<b>3,868</b>
Trade and other payables	<b>183</b>	247
Operating lease liabilities	<b>49</b>	80
Issued share capital and share premium	<b>24,789</b>	21,781
Other reserves	<b>(11,350)</b>	(11,301)
Retained earnings	<b>(8,834)</b>	(6,939)
<b>Total equity and liabilities</b>	<b>4,837</b>	<b>3,868</b>

## Financial summary: Cash flow

€'000	2020	2019
Adjusted loss from continuing operations	(1,133)	(1,173)
Less: Capitalised software development costs	(53)	(481)
Property, plant & equipment	(3)	(34)
Add: Net proceeds from issue of shares	2,938	-
Other	298	269
Working capital movement	(106)	155
<b>Net cash inflows/(outflows) in period</b>	<b>1,941</b>	<b>(1,264)</b>
Opening cash	1,293	3,485
<b>Closing cash</b>	<b>3,234</b>	<b>2,221</b>

The Company cash position at 9 September 2020 was €2.9m

The Company is debt free.



## Financial summary: Cash flow

### APOLLO 11 VR

- Multi-award winning experience based on the Apollo 11 moon landing
- Approx. 250k copies sold and in excess of €1.8m in revenue generated since launch in Q2 2016
- Selected as a launch title on Oculus Quest

### TITANIC VR

- Interactive exploration game and historically accurate experience based on eye-witness testimony and substantial research
- Approx. 70k copies sold and in excess of €0.8m in revenue generated since full launch in Q4 2018

### SHUTTLE COMMANDER

- Participate in the Hubble Space Telescope missions first hand
- Launched in late Q4 2019 on PlayStation network and revenue to date is in line with management expectations
- Launching on Oculus Quest, Oculus Rift, Vive and Valve Index in H2 2020



## CURRENT TRADING & H2 2020 OUTLOOK





## Current trading and H2 2020 Outlook

### Current trading

€3.0m investment from HTC and strategic partnership agreed for the distribution and licence of the Group's ENGAGE platform

Significant increase in demand noted for Group's ENGAGE platform as a communications tool and for event hosting

Partnership agreements entered into with leading content and training providers in UK and US

### H2 2020 Outlook

Events contracted for with Ericsson and XPRIIZE with more occurring in the current quarter

ENGAGE Mobile launched on Android devices in beta bringing ENGAGE to a huge new market

Multi-year license agreement entered into with Tokyo Global Gateway for approx. €0.2m



# APPENDIX





## Appendix – Statement of Comprehensive Income

	Note	Unaudited Six months ended 30 June 2020 €	Unaudited Six months ended 30 June 2019 €
<b>Continuing Operations</b>			
Revenue		681,152	497,362
Cost of Sales		(202,982)	(217,699)
<b>Gross Profit</b>		478,170	279,663
Administrative Expenses		(1,608,415)	(1,448,633)
Operating Loss		(1,130,245)	(1,168,970)
Finance Costs		(2,710)	(3,597)
<b>Loss before Income Tax</b>		(1,132,955)	(1,172,567)
Income Tax Credit		-	-
<b>Loss for the Year from continuing operations</b>		(1,132,955)	(1,172,567)

## Appendix – Statement of financial position

	Unaudited as at 30 June 2020 €	Unaudited as at 30 June 2019 €
<b>Non-Current Assets</b>		
Property, Plant & Equipment	84,291	152,174
Intangible Assets	1,217,679	1,205,227
	<u>1,301,970</u>	<u>1,357,401</u>
<b>Current Assets</b>		
Trade and other receivables	301,100	289,932
Cash and short term deposit	3,234,069	2,220,797
	<u>3,535,169</u>	<u>2,510,729</u>
<b>Total Assets</b>	<u>4,837,139</u>	<u>3,868,130</u>
<b>Equity Attributable to Shareholders</b>		
Issued share capital	241,751	193,136
Share premium	24,547,516	21,587,539
Other reserves	(11,349,684)	(11,300,902)
Retained earnings	(8,834,328)	(6,938,317)
<b>Total Equity</b>	<u>4,605,255</u>	<u>3,541,456</u>
<b>Non-Current Liabilities</b>		
Operating lease liabilities	<u>18,984</u>	<u>44,522</u>
<b>Current Liabilities</b>		
Trade and other payables	182,754	246,434
Operating lease liabilities	30,146	35,718
	<u>212,900</u>	<u>282,152</u>
<b>Total Liabilities</b>	<u>231,884</u>	<u>326,674</u>
<b>Total Equity and Liabilities</b>	<u>4,837,139</u>	<u>3,868,130</u>



# Appendix – Statement of cash flows

	Unaudited Six months ended 30 June 2020 €	Unaudited Six months ended 30 June 2019 €
<b>Cash Flows from Operating Activities</b>		
Loss before income tax	(1,132,955)	(1,172,567)
Adjustments to reconcile loss before tax to net cash flows:		
Depreciation	34,510	39,015
Amortisation	269,518	231,807
Finance Costs	2,710	3,597
Share Option Expense	12,596	13,827
Movement in Trade & Other Receivables	(96,196)	104,182
Movement in Trade & Other Payables	(10,139)	51,239
	(919,956)	(728,900)
Bank interest & other charges paid	(2,710)	(3,597)
<b>Net cash used in operating activities</b>	<b>(922,666)</b>	<b>(732,497)</b>
<b>Cash Flows from Investing Activities</b>		
Purchases of property, plant & equipment	(2,870)	(34,137)
Payments to develop Intangible Assets	(53,464)	(480,482)
<b>Net cash used in investing activities</b>	<b>(56,334)</b>	<b>(514,619)</b>
<b>Cash Flows from Financing Activities</b>		
Proceeds from issuance of ordinary shares	2,937,872	-
Payment of operating lease liabilities	(17,655)	(17,273)
<b>Net cash generated / (used) from financing activities</b>	<b>2,920,217</b>	<b>(17,273)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>1,941,217</b>	<b>(1,264,389)</b>
Cash and cash equivalents at beginning of period	1,292,852	3,485,186
Cash and cash equivalents at the end of period	3,234,069	2,220,797

## Appendix: VRE Board – a team to deliver

### David Whelan

Chief Executive Officer

David is a tech entrepreneur and founder of VR Education. He is a former Editor in chief of Virtual Reality Reviewer and a multi-awarding winning VR director and producer with 10+ years web development background in app creation and programming large CRM systems. Winner of the TimeWarner Award and nominated at the Venice Film Festival as best director for his work with the BBC on 1943 Berlin Blitz VR experience.

### Richard Cooper

Non – Executive Chairman

Richard has over 25 years experience as an FD, in both publicly traded and privately owned companies in a variety of service industries including gaming, insurance, and financial services. Significant operations and M&A skills. Highly commercial and with extensive contacts in the City and the Gaming sector. LSE Official list, AIM and TSX technical experience.

### Séamus Larrisey

Chief Financial Officer

Séamus has over 12 years experience in finance. His previous roles included a senior finance position at TSSG Group looking after 100+ staff and researchers and as an auditor for Ernst & Young.

### Sandra Whelan

Chief Operating Officer

Sandra is a former Editor at Virtual Reality Reviewer. She has considerable experience including many years in corporate accounts management at E-Drive Group Telematics. Sandra was in charge of large corporate contracts.

### Tony Hanway

Non – Executive Director

Current CEO of Virgin Media Ireland. Tony is a results driven CEO with 20 years experience in the ICT and media sectors. Strong commercial acumen with proven track record in Sales, Retail, E-commerce, Contact Centres, Business Transformation and M&A.

### Praveen Gupta

Non – Executive Director

Current VP of HTC Investments and Partnerships. Praveen has a wealth of experience in corporate business development and M&A with previous roles such as VP corporate and business development at SK Telecom, Director at Lucent/Nokia and executive director and partner at CDIB Ventures and management positions at Fujitsu-ICL Systems.

### Dr Harry Kloor

Non – Executive Director

Harry is an entrepreneur, scientist, technologist, educator, policy advisor, and Hollywood producer and writer. He is the CEO and Co-Founder of Beyond Imagination, a company seeking to build general-purpose robotic humanoids. Harry is involved in the education sector and has significant experience in bringing science to the public. He has worked as an advisor for NASA, US Senate, Jet Propulsion Laboratories, and numerous other science organisations. Dr. Kloor was also one of the five founding team members of XPRIZE, the non-profit organisation that designs and hosts public competitions intended to encourage technological development to benefit humanity.



## Appendix - Significant Shareholders post HTC Subscription

Shareholder Name	Number of Shares	%
HTC	48,284,102	19.97
David Whelan	38,665,000	15.99
Sandra Whelan	38,665,000	15.99
Enterprise Ireland	18,998,760	7.86
Octopus Investments Limited	17,272,381	7.14
Unicorn AIM VCT Plc	15,877,000	6.57
Kernel Capital	13,157,200	5.44
Barry Downes	13,047,200	5.40
Suir Valley Ventures	10,578,580	4.38

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