



VR Education Holdings plc

FY2020 Final Results

&

Medium-Term Outlook

February 2021

Disclaimer

This presentation contains certain statements that are forward-looking. Forward-looking statements are prospective in nature and are not based on historical facts, but rather on current expectations of the Group about future events and involve risks and uncertainties because they relate to events and depend on circumstances that will occur in the future. Although the Group believes that current expectations and assumptions with respect to these forward-looking statements are reasonable, it can give no assurance that these expectations will prove to be correct.

There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by the forward-looking statements. Forward-looking statements should therefore be construed in light of such factors. You are cautioned not to place undue reliance on any forward-looking statements, which speak only as of the date made. Other than in accordance with legal or regulatory obligations, the Group is not under any obligation, and expressly disclaims any intention or obligation, to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

Investor Relations & Media



Group: VR Education Holdings Plc

Listing: London AIM: VRE
Dublin Euronext Growth: 6VR

Investor Relations: Seamus Larriskey, CFO: seamus@immersivevrededucation.com

Address: Unit 9 - Cleaboy Business Park
Cork Road
Waterford City
Ireland

Phone: [+353 51-585-837](tel:+35351585837)

Websites: www.vrededucationholdings.com and <https://engagevr.io/>

Email: Info@immersivevrededucation.com

Twitter: @vrededucation

PR: SECNewgate
Elisabeth Cowell

E: elisabeth.cowell@secnewgate.co.uk
T: +44 20 3757 6882

Joint Broker: Shard Capital Partners LLP
Erik Woolgar

E: Erik.Woolgar@shardcapital.com
T: +44 (0) 20 7186 9952

Joint Broker: Davy
Fergal Meegan

E: Fergal.Meegan@davy.ie
T: + 353 1 679 6363

Nomad: Cairn Financial Advisers LLP
James Caithie

E: James.Caithie@cairnfin.com
T: +44 (0) 20 7213 0880

A person is shown in profile, wearing a VR headset. They are interacting with a digital sphere composed of a network of points and lines, which is surrounded by several teal-colored triangles. The background is dark and abstract, with some blurred light sources. The overall theme is virtual reality and technology.

01 Final Results

FY2020 | A Formative Year at VREH

VR Education Holdings Plc (“VREH”) is a virtual reality ('VR') technology company, operating globally, focused on becoming the leading provider of virtual communications solutions to enterprise and institutional clients through its proprietary VR software platform, ENGAGE

Operational Highlights

- Acceleration of demand for **ENGAGE Platform** and launch of **Engage Events** post **onset of COVID** in March
- Substantial increase in addressable user base through launch of **ENGAGE Mobile** supporting Android and iOS
- In excess of **€1.8m value of ENGAGE Subscriptions** closed with **60 customers** during FY20
- Exciting geographic expansion in Q4 with ENGAGE gone live to **HTC customers in Greater China Region**

Financial Highlights

€1.42m
Group Revenue
(+38% on prior year)

+550%
Increase in ENGAGE
Revenue

>40%
ENGAGE Revenue as a %
of the Group

72%
Group Gross Margin

+700%
Increase in ENGAGE user
base

€2.0m
Cash at Year End

FY2020 | ENGAGE Use Cases Commercialised

In excess of €1.8m value of ENGAGE subscriptions closed with 60 customers globally across our three solutions

ENGAGE VIRTUAL CAMPUS

- Contracts signed across educational institutions and enterprise clients
- Delivery of education and corporate training remotely using persistent locations and client produced content
- **Clients include** Stanford University, Oxford University, Tokyo Global Gateway, Victory XR, The University of Arizona

ENGAGE VIRTUAL OFFICE

- Contracts signed with enterprise clients
- Enables collaboration between colleagues and customers for sales meetings, daily standups and corporate gathering
- **Clients include** Facebook, Fidelity Investments, HTC, SNCF, Nvidia, McKinsey & Company, SKY

ENGAGE VIRTUAL EVENTS

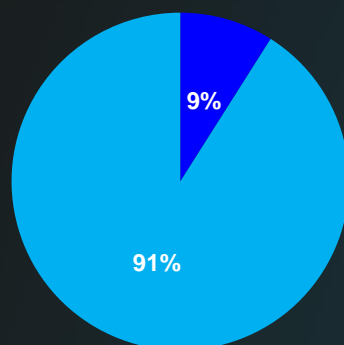
- Contracts signed across a range of clients and sectors
- Communication services to provide remote events where video-based platforms simply do not meet the expectations of attendees
- Becoming increasingly popular due to COVID closures
- **Clients include** Ericsson, Vodafone, Yahoo!, Audi, Xprize Foundation, European Commission, Victoria & Albert Museum

FY2020 | ENGAGE Driving Group Performance

Year ended 31 December	2020 (€)	2019 (€)	% Change
Revenue	1,416,567	1,024,148	+38%
<i>ENGAGE</i>	599,362	92,141	+550%
<i>Non-ENGAGE</i>	817,332	932,007	(12%)
Gross Profit	1,012,945	622,661	+63%
Gross profit margin	72%	61%	+11%
Cash and cash equivalents	2,032,717	1,292,852	+57%

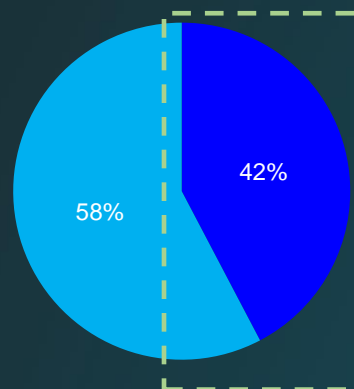
FY19 Revenue Split

■ ENGAGE ■ Non-ENGAGE



FY20 Revenue Split

■ ENGAGE ■ Non-ENGAGE

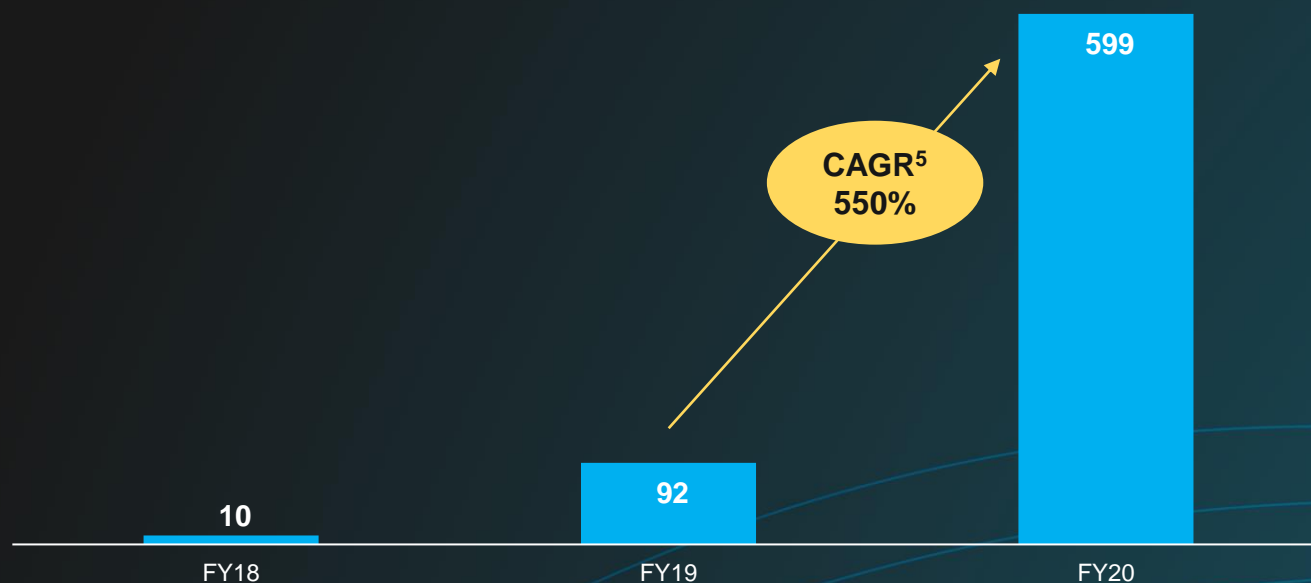


- Generated FY20 revenue of **€1.4m** up approx. **38%** on prior year
- ENGAGE revenue and user base up by **550%** and **more than 700%** respectively, now accounting for greater than 40% of Group revenues
- €0.3m in ENGAGE Revenue for first 7 weeks of 2021 representing 50% of total ENGAGE revenue in 2020.
- Non-ENGAGE revenue, principally Showcase Experiences, down from prior year due to Covid-19 related museum closures in the US, with 75k downloads of the VRE experiences in the period
- 11% increase in gross profit margin from **61% in FY19** to **72% in FY20**, primarily due to greater ENGAGE contribution
- Cash balance in **excess of €2.0m** with net monthly cash burn running at approx. €0.25m at year end

FY2020 | ENGAGE Momentum

Since commercial launch in December 2018 ENGAGE has focused on piloting formats with clients, with COVID accelerating market traction in each of its target use cases in FY2020

ENGAGE Revenue ²



FY20 Revenue by Type



¹ Figures are in €000's unless otherwise stated.

² ENGAGE revenue comprises of ARR, professional services fees and one-off events.

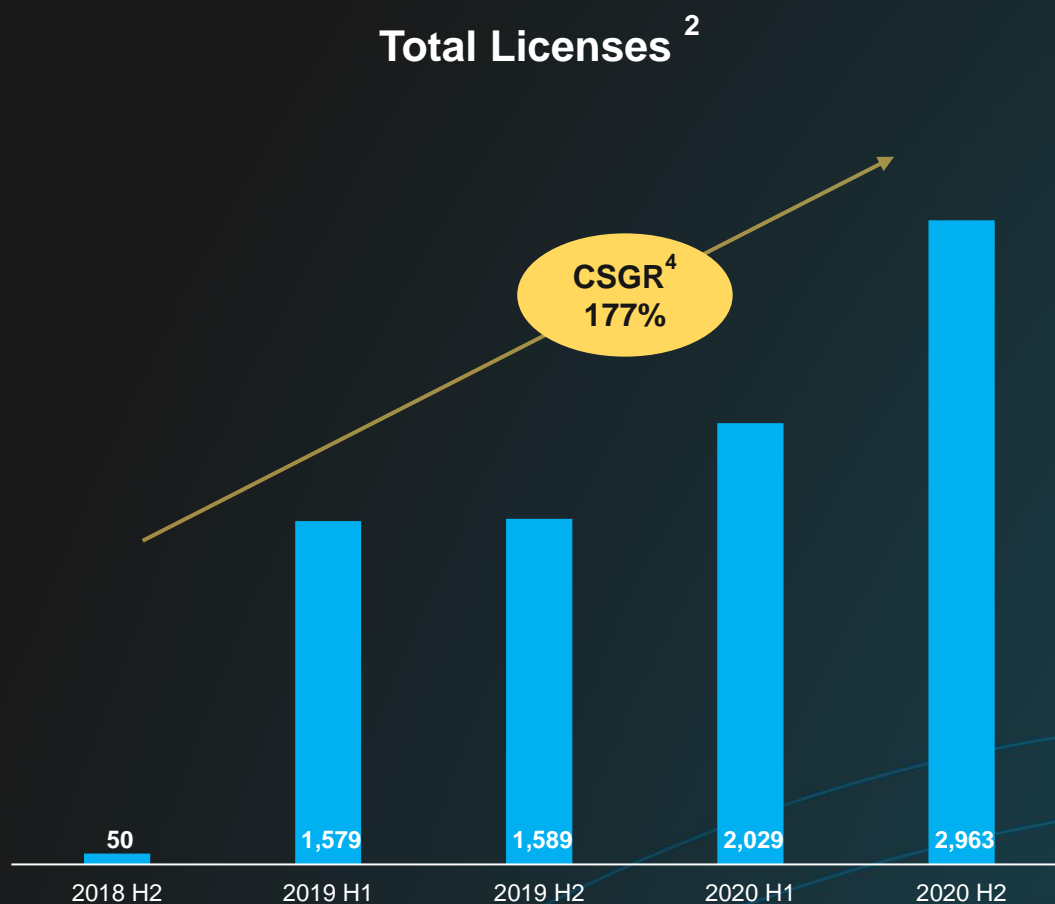
³ FY20 recurring revenue reflects the majority of subscription revenue from ENGAGE clients for Virtual Office and Virtual Campus.

⁴ Virtual Events will be accounted for as non-recurring revenue although clients may contract multiple events.

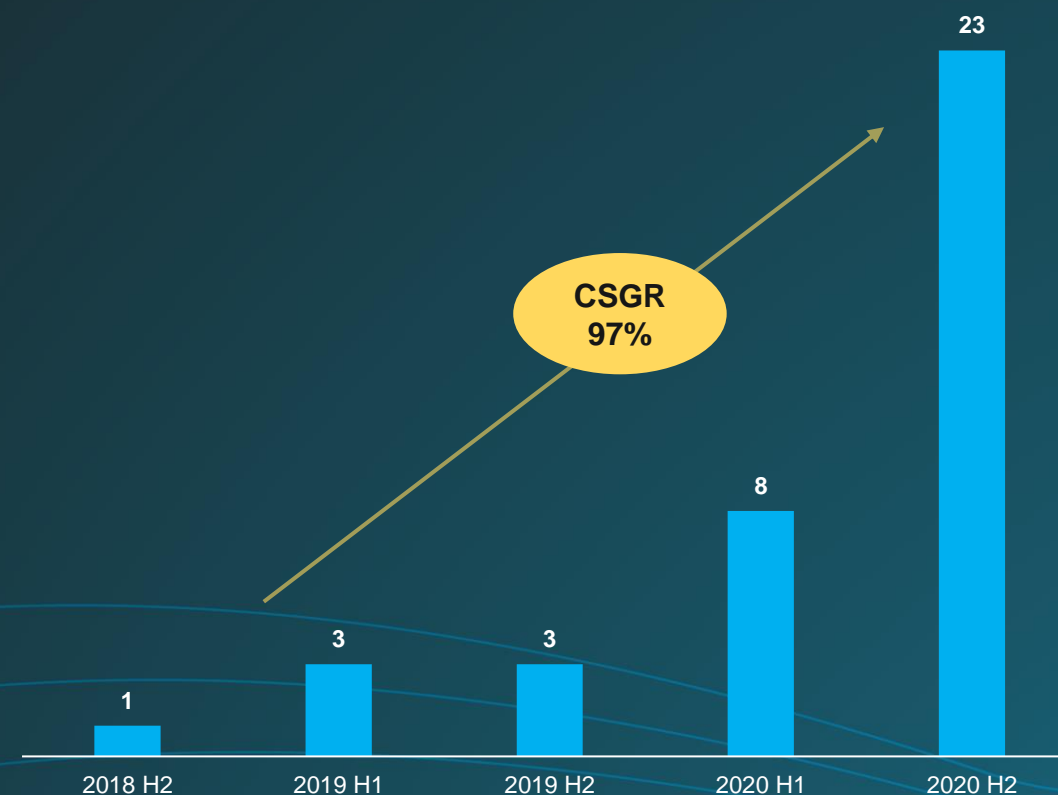
⁵ CAGR is for the period 1 January 2019 to 31 December 2020

FY2020 | ENGAGE Momentum

Total Licenses ²



Active Customers with >€3k cumulative ACV ³



¹ Figures are in €000's unless otherwise stated.

² At period end. Classified as a license if active as of 30 June (H1) or as of 31 December (H2).

³ Annual contract value is the average annualized revenue per customer contract, excluding any one-time fees. Includes only contracts that were active during the year.

⁴ CSGR is compound semi-annual growth rate from 1 January 2019 to 31 December 2020.

The background image shows a group of people, likely students, in a classroom or lab setting. They are wearing VR headsets and interacting with the technology. The image is overlaid with a semi-transparent dark blue band across the middle, and decorative blue wavy lines at the bottom. The text '02 ENGAGE' is prominently displayed on the left side of the dark band.

02 ENGAGE

ENGAGE

VIRTUAL COMMUNICATIONS MADE REAL

ENGAGE Solution and Use Cases

ENGAGE VIRTUAL CAMPUS

- ❖ Persistent Virtual Campus
- ❖ Private Branded Learning Environments
- ❖ Create & Publish Custom Content
- ❖ Virtual Collaboration Tools
- ❖ Custom Learning Simulations
- ❖ Increased Learning Retention

ENGAGE VIRTUAL OFFICE

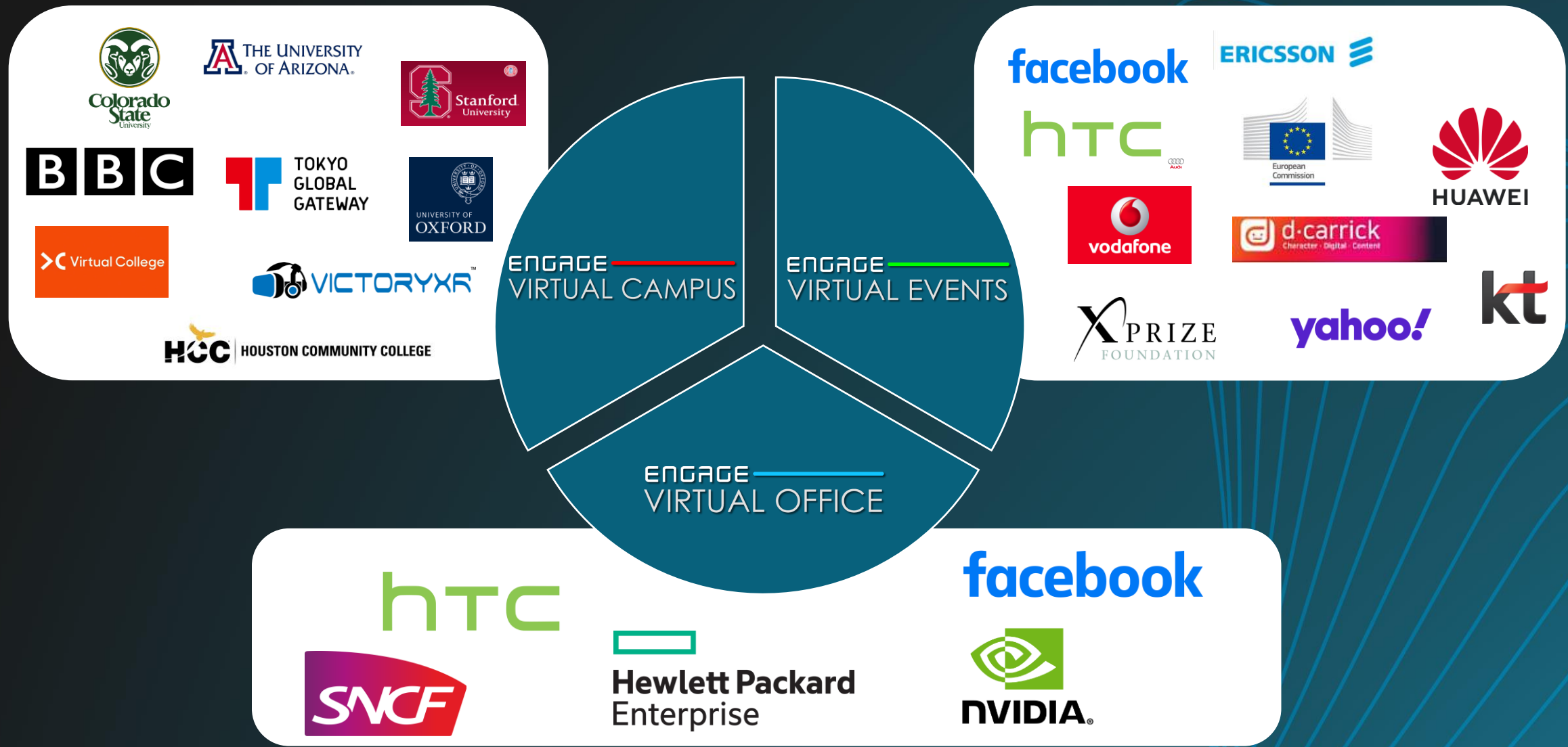
- ❖ Persistent Virtual Office Environments
- ❖ Branded Meeting & Conference Rooms
- ❖ Private Training Content
- ❖ Virtual Collaboration Tools
- ❖ Virtual Sales Presentation Tools
- ❖ Increased Employee Engagement

ENGAGE VIRTUAL EVENTS

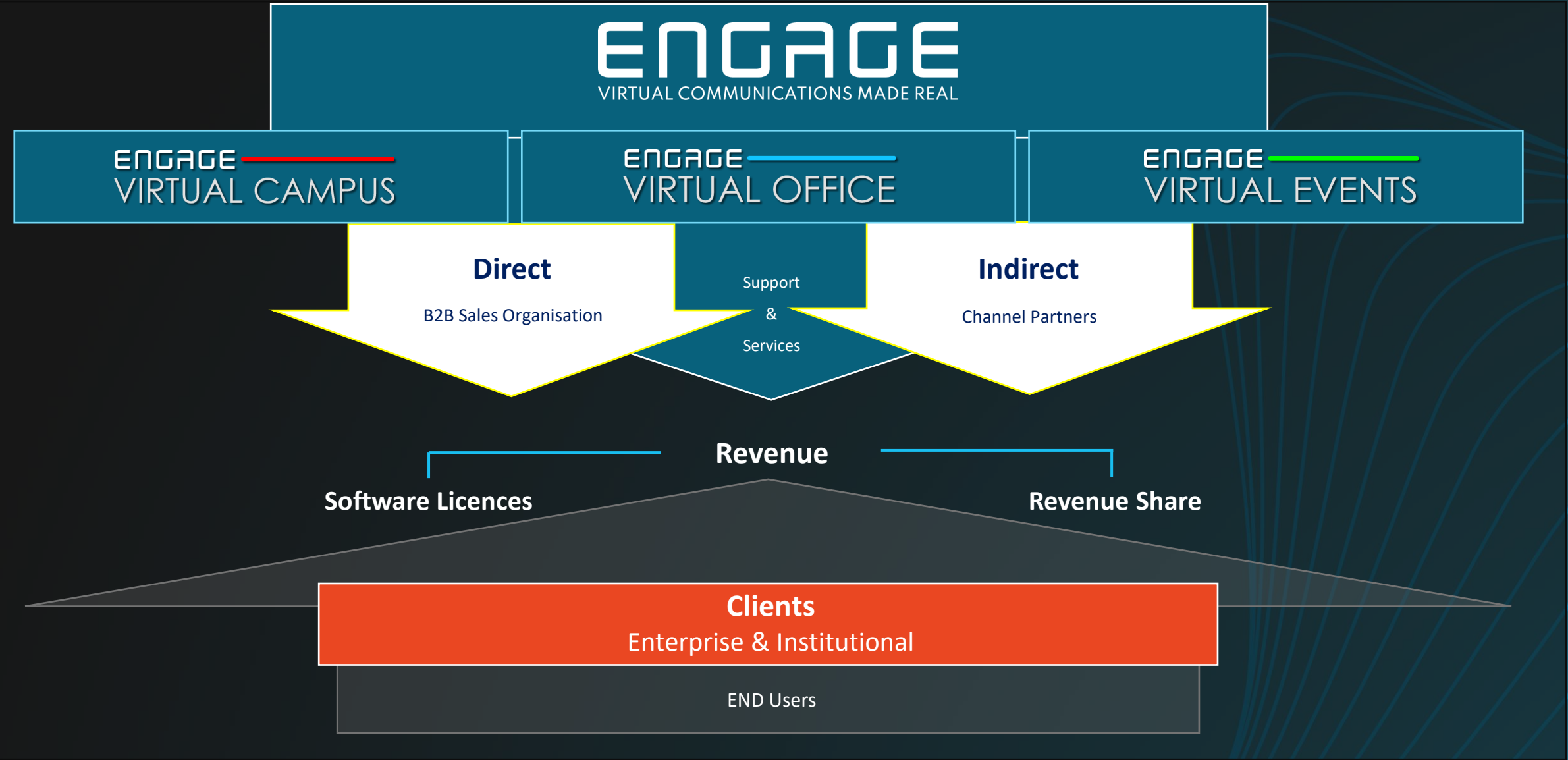
- ❖ Safe Large Scale Virtual Events
- ❖ Unique Content Possibilities
- ❖ Large Cost Savings
- ❖ Cross Platform Support
- ❖ Spatial Recording Services
- ❖ Broadcast Streaming on Social Media

- Enable thousands of users to communicate in a virtual locations, replicating and customizing any environment for large scale events
- Enable users to speak naturally to only those close to them in large virtual spaces using spatial audio
- Ability to stream 2D, 3D, and 360-degree video from any web source onto a VR device or flat screen device (i.e., smartphone, desktop, or tablet)
- Stream desktop display or share documents from cloud services such as OneDrive, Dropbox or Google Docs
- Available on all major platforms including Android; Windows; HTC's VIVE Wave; Oculus; Steam; and iOS, with cross platform support

60 New ENGAGE Clients During 2020



Revenue and Go To Market Model



Virtual Office | Use Case

ENGAGE VIRTUAL OFFICE

Delivering communication and conference tools for Facebook

- Virtual space for Facebook employees to meet up, host mini events and hold private meetings
- Custom location based on Facebook headquarters “Hacker Space” in Menlo Park California
- Hosts a Gallery, multiple meetings rooms and an open area for large presentations
- Held events for A list celebrities and research for Facebook events team



Virtual Campus | Use Case

ENGAGE
VIRTUAL CAMPUS

Remote training and education tools for Stanford University

- Virtual remote spaces for training and development of medical students attending Stanford University
- Use of photogrammetry objects and training simulations to enhance learning outcomes
- Collaborative spaces used to bring in global experts to remotely teach students
- User accounts growing with expansion being investigated in other areas of the University



Virtual Events








ENGAGE VIRTUAL EVENTS

Hosting VIVE EcoSystem Conference Virtually for HTC in March 2020

- Physical event cancelled due to COVID
- Hosting on ENGAGE enabled access via VR headset, phone or tablet
- Over 1,000 concurrent users logged in via VR devices and 1.1 million viewers watching the live stream in over 50 different countries over 5 hours
- Speakers logged in via VR or standard desktop computers to take part and delegates were able to have natural social conversations
- Major success for HTC resulted in VRE investment and strategic partnership



Competitive Landscape

							
Price per User	€300	€279	€240	€480	FREE	€600	Unknown
35+ Users per Session	✓	✓	✓	✓	✓	✗	✗
VR/AR Support	✓	✗	✗	✗	✓	✓	✓
Real Face Avatars	✓	n/a	n/a	✗	✗	✗	✓
Content Creation Tools	✓	n/a	n/a	✗	✗	✗	✗
Spatial Audio	✓	n/a	n/a	✓	✓	✓	✓
Spatial Recording	✓	n/a	n/a	✗	✗	✗	✗
Cloud Content Uploads	✓	✓	✓	✗	✗	✗	✗

Source: Company websites

FY2021 | Tailwinds Materialising

Immersive communications solutions to augment video based technology

- Demand for **ENGAGE Platform** use cases well established since onset of COVID, set to continue
- Growing demand for the **next generation communications platforms** to address evolving corporate and institutional needs emerging from the limitations of current video-based platforms Zoom, TEAMS, Webex etc.

Availability of hardware to support next generation virtual technology

- Billions of dollars of investment from Facebook, Sony, HTC, Qualcomm, Nvidia and very soon Apple in next generation wearable devices
- 5G/6G services pushing VR/AR adoption for telecom companies seeking to increase data consumption from customers for its new products

Large and fast growing global addressable market

- Go-live of **Channel Partnership Strategy** with **HTC in the Greater China Region** and investment to support ENGAGE 24/7 enables access to global markets
- strong demand emerging from North America with plans for dedicated resource to service existing and new clients in the US in 2021



03

Medium Term Outlook

Medium Term Outlook | Topline Targets

Achieve

€10 million ENGAGE revenue

from

500 active enterprise customers and 100,000 monthly users

during the period

2023 - 2025

Medium Term Outlook | KPIs

Growth of ENGAGE revenue in excess of 100%

- Deliver average annual revenue CAGR from ENGAGE in excess of **100%** until **€10 million** target achieved
- High quality recurring ENGAGE revenue to comprise 80% ARR by 2025 ¹ (10% professional services and 10% one-off events)

Gross Margin in excess of 80% ²

- VREH gross margin to reach level in excess of **80%** once ENGAGE revenue is between €5m – €10m

10% average MoM increase in users ³

- **10%** average month on month increase to reach **100,000** monthly users, reflecting a target **500** active customers ³

CRR of 80%+ ⁴

- Forecast retention rate of ENGAGE customers classified within ENGAGE ARR of at least **80%**

ACV of €20,000+ ⁵

- Estimate growth in average annual contract value to **€20,000+**, reflecting the targeted Enterprise and Institutional client base and ENGAGE value proposition

¹ Annual Recurring Revenue is defined as recurring ENGAGE licence revenue. Recurring licence revenue excludes event licences.

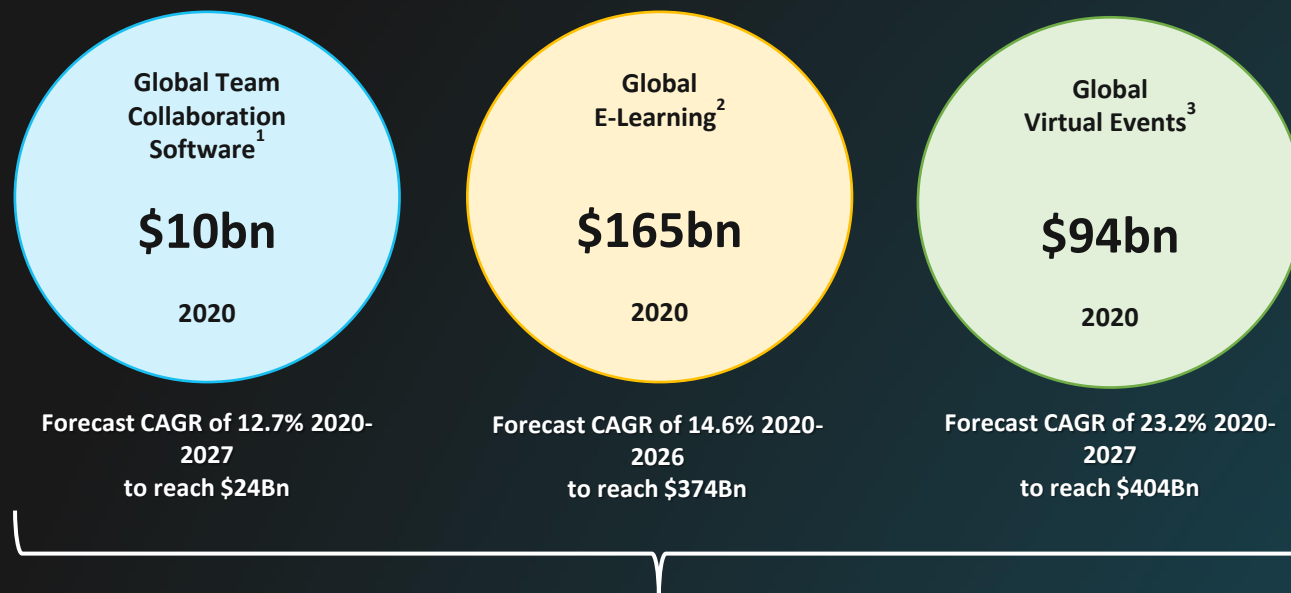
² Gross Margin reflects group wide revenue less group wide cost of sales.

³ Users represents the renewal of customers not on a trial licence (i.e. licences with a value greater than €3,000 per annum).

⁴ Customer Retention Rate calculated as number of recurring customers at end of period less number of recurring customers acquired during the period, divided by number of recurring customers start of period x 100. Excludes customers on a trial license.

⁵ Annual Contract Value calculated as the average non-trial recurring license revenue from customers, while including 25% of associated professional services value based on the expectation of required additional support / custom content creation.

Underpinned by Large Growing Global Markets



Requirement for virtual, remote communications in response to COVID impact and WFH (work from home) phenomenon is accelerating forecast growth rates in these markets and the market share for VR or next generation solutions



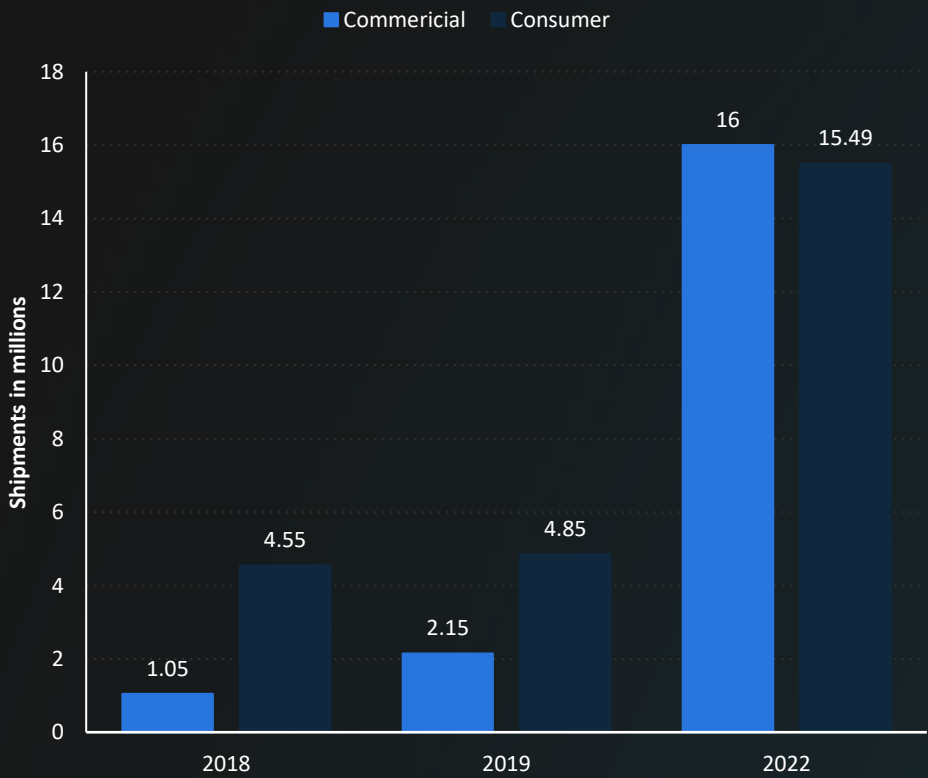
1 Grand View Research
2 Facts & Factors
3 Grand View Research
4 Management Estimate

ENGAGE Target Addressable Market (TAM)

- Management estimate a Total Addressable Market for ENGAGE of between **\$10bn– \$25bn**
- The VR market remains immature with the availability of VR hardware although accelerating, a continued barrier to adoption
- Within the overall markets VR/AR CAGR is expected to be a multiple of non-VR/AR CAGR for the foreseeable future
- ENGAGE development in 2020 for cross platform use on desktop, phone, and tablet positions VREH to participate in these broader markets, unrestricted by availability of VR/AR hardware
- Management expect 2021 to be another formative year, in particular with regard to building an evidence base for the relevant ENGAGE TAM

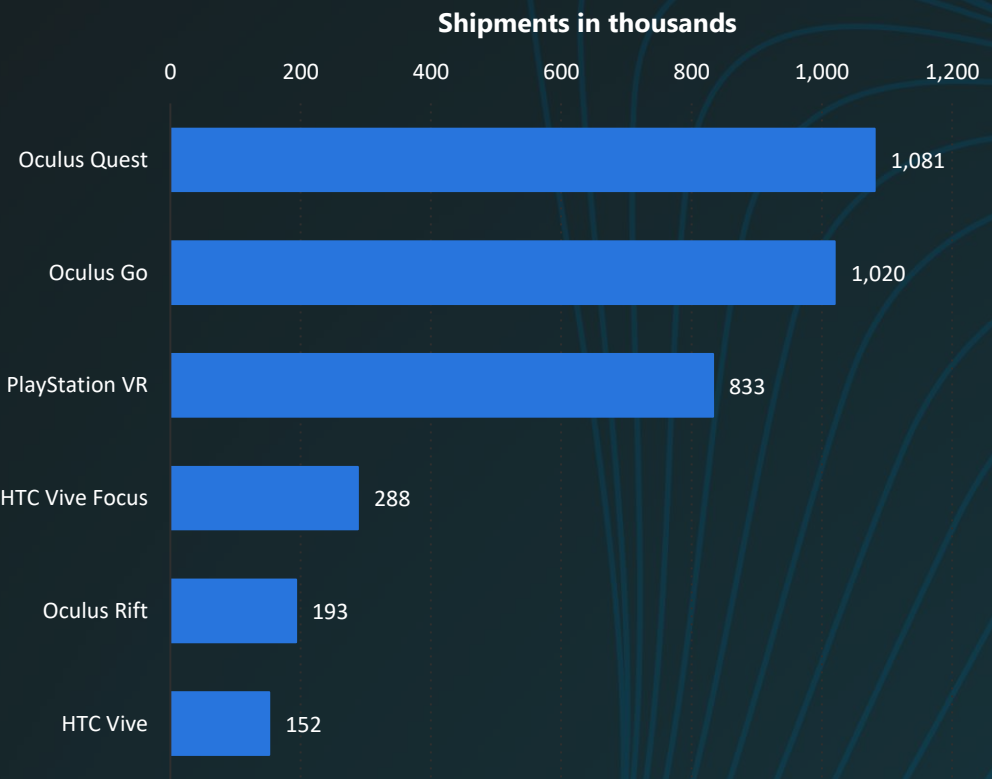
VR Hardware Shipments Accelerating

Worldwide VR Headset Shipment 2018-2022



Source: IDC; Statista estimates, SuperData Research

Forecast Unit Shipments VR Headsets in 2019 by Device



NOTE: Quest 2 alone sold 1m units in Q4 2020 which was limited by units available.
<https://www.superdataresearch.com/blog/superdata-xr-update>

04 Execution



Execution | TEAM to Deliver



David Whelan
Founder, CEO



Sandra Whelan
Founder, COO



Seamus Larrisey
CFO



Jonathan McDonald
CTO, Operations Mgmt.



Chris Madsen
Customer Success, Business Development



Eileen Dillon
Technical Project Manager



David James
Head of Studio

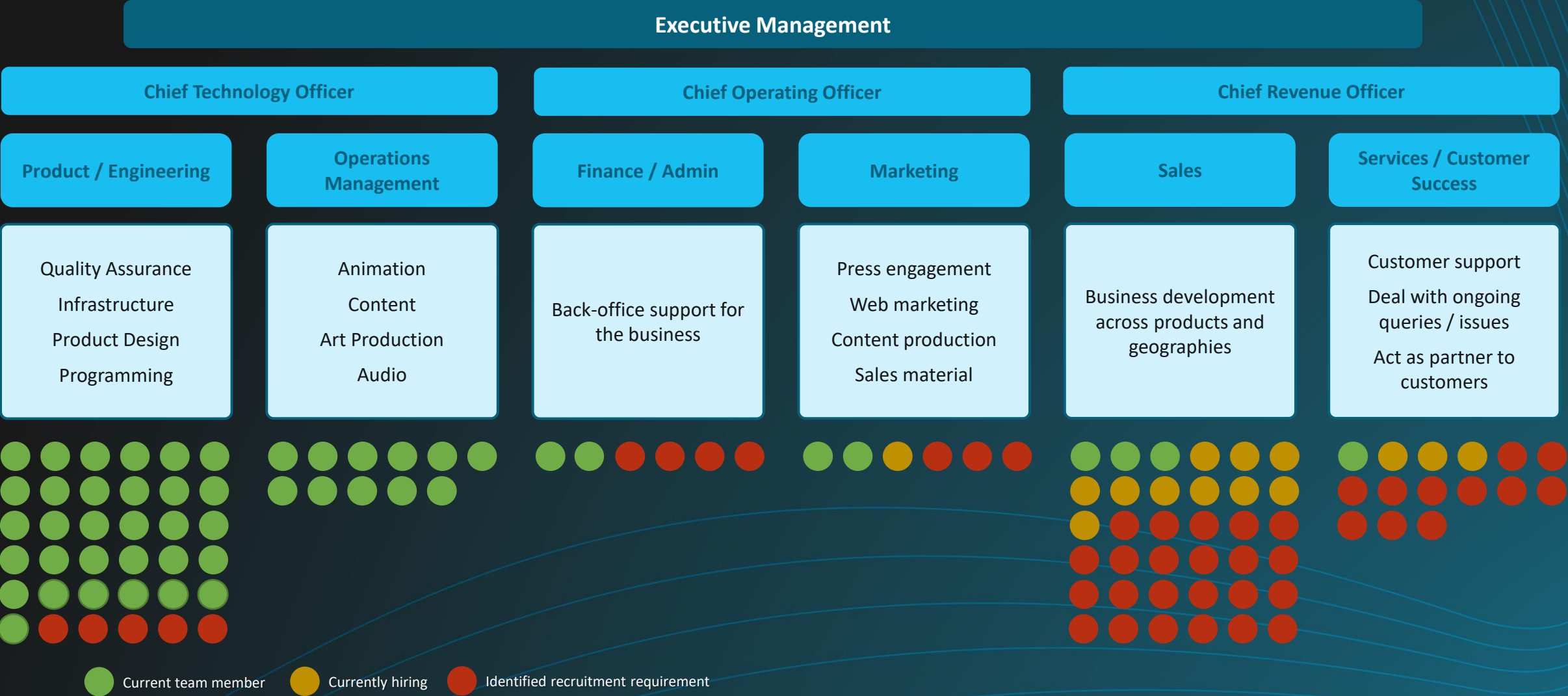


Mike Armstrong
Lead Immersive Architect



Juber Nunes
Lead Web Architect

Execution | Building the Organisation



Note: Team members in green above exclude executive management

Execution | Investment Thesis

ENGAGE Momentum

- Record revenue growth up 550%
- Significant increase in user base of 700% and 60+ commercial deals signed
- Collaboration with HTC and release of ENGAGE inside China in recent weeks

Scalable Platform

- Ability to host 70 users in a single room or scale to millions via projected presence system for events
- Cloud hosted on AWS running Photon Services with the ability to host privately on premises if needed

Ambitious Growth Plan

- Targeting €10m ENGAGE revenue, 500 active enterprise customers and 100,000 monthly users during 2023 – 2025
- Annual revenue CAGR from ENGAGE to be in excess of 100% to reach €10m target

Large Addressable Market

- Large addressable market across all three core product offerings – virtual office, virtual campus and virtual collaboration
- Estimated addressable market of ENGAGE of between \$10bn– \$25bn

Team to Execute

- Dedicated, driven and experienced management team led by founders
- Strong senior management team with deep extensive technology, web development and educational experience

Appendix



Financial Summary – Income Statement

Year ended 31 December	2020 (€)	2019 (€)	% Change
Revenue	1,416,567	1,024,148	+38%
Cost of Sales	(403,622)	(401,487)	+1%
Gross Profit	1,012,945	622,661	+63%
Gross Profit %	72%	61%	+11%
Administrative Expenses	(3,734,071)	(2,555,449)	+46%
Operating Loss	(2,721,126)	(1,932,788)	+41%
EBITDA	(2,066,555)	(1,438,704)	+44%
Finance Costs	(7,316)	(6,998)	+5%
Total comprehensive loss for the year	(2,728,442)	(1,939,786)	+41%

- FY20 revenue of €1.4m up approx. 38% on prior year
- Increase in gross profit margin from 61% in FY19 to 72% in FY20 primarily due to greater ENGAGE contribution
- Increase in administrative expenses primarily driven by reduced capitalisation of developer staff costs in 2020 in line with International Accounting Standards
- Increase in EBITDA loss driven by rise in administrative expenses offset by increase in gross profit

Financial Summary – Balance Sheet

Year ended 31 December	2020 (€)	2019 (€)	% Change
<i>Non-Current Assets</i>			
Fixed & Intangible Assets	1,047,960	1,549,663	-32%
<i>Current Assets</i>			
Trade & Other Receivables	358,277	204,904	+75%
Cash and cash equivalents	2,032,717	1,292,852	+57%
<i>Total Current Assets</i>	<u>2,390,994</u>	<u>1,497,756</u>	<u>+60%</u>
Total Assets	<u>3,438,954</u>	<u>3,047,419</u>	<u>+13%</u>
<i>Equity & Reserves</i>	3,022,394	2,787,744	+8%
<i>Liabilities</i>			
Trade and Other Payables	357,421	192,893	+85%
Operating Lease Liability	59,139	66,782	-11%
<i>Total Liabilities</i>	<u>416,560</u>	<u>259,675</u>	<u>+60%</u>
Total Equity & Liabilities	<u>3,438,954</u>	<u>3,047,419</u>	<u>+13%</u>

- Trade and other receivables were €358k, marginally ahead of trade and other payables at €357k
- Trade receivables represented an average of 74 debtor days (2019: 52 days)
- Cash position on 31 December 2020 was €2.0 million with no debt
- Cash balance was significantly strengthened during 2020 by a successful €3.0m share subscription by HTC

Financial Summary – Cash Flow

Year ended 31 December	2020	2019	% Change
Adjusted loss from continuing operations	(2,728,442)	(1,939,786)	+41%
<i>Less:</i>			
Capitalised software development costs	(114,222)	(890,159)	-87%
Property, plant & equipment	(12,852)	(35,793)	-64%
<i>Plus:</i>			
Proceeds from issuance of shares	2,937,872	-	
Other	646,354	486,496	+33%
Working capital movement	11,155	186,908	-94%
Net cash inflows/(outflows) in period	739,865	(2,192,334)	-134%
Opening cash	1,292,852	3,485,186	-63%
Closing cash	2,032,717	1,292,852	+57%

VREH Content Studio

- Showcase Experiences continue to sell on a range of different platforms and we intend to port experiences over to the new platforms as they become available
- In 2020 revenue returns from our museum installations were minimal due to COVID closures. We expect this revenue stream to rebound strongly in late 2021 and to accelerate throughout 2022 onwards on the back of easing restrictions
- 2021 will not see the release of any new experiences as we focus on scaling ENGAGE services
- 2020 saw the release of Shuttle Commander on PC VR devices and the Oculus Quest platform
- All showcase assets and materials are being ported into the ENGAGE platform



Key Features of ENGAGE



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.



1200+ 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.

Board of Directors

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 being a director of listed public companies, both on AIM and the FTSE250. Currently CFO at Equals Group plc, but prior to that GVC Holdings plc (now “Entain”). He also served as head of the audit committee at Sportech plc from 2017 to 2018.

Séamus Larrisey

Chief Financial Officer

Séamus has over 15 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.

Dr Harry Kloor

Non – Executive Director

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 other science organisations.

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.