

# **VR**EDUCATION **HOLDINGS**

## **Final Results**

For the year ended 31 December 2019 ('FY 2019')

**June 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



## Key highlights

- Revenue generating VR company with turnover growing by 42% in FY 2019 to €1.02m (FY 2018: €0.72m)
- Strategic partnership entered into with HTC for exclusive resale of ENGAGE platform in Greater China region and non-exclusive resale of ENGAGE platform in the Rest of the World
- Partnership with content development company based in the US for delivery of immersive education throughout the US and Canada
- Strategic investment agreed with HTC in May 2020 of €3.0m
- Hugely successful VR event held in March 2020 has tapped into the post COVID-19 growth potential

## FY 2019 financial highlights

- Turnover for FY 2019 up by 42% to €1.02m (FY 2018: €0.72m)
- EBITDA loss of €1.4m (FY 2018: €1.5m) in line with management expectations
- Expenditure run-rate approx. €250k per month
- Cash position at 31 December 2019 of €1.3m
- Post period end, raised €3.0m in May 2020 from HTC. Cash position post this fundraise now stands at €3.4m



## FY 2019 operational highlights

- Commercial deals entered into with a number of parties on the ENGAGE platform in Asia and the US. Business development and marketing refocused on these markets
- Apollo 11 VR educational experience selected to be part of the launch collection for Oculus Quest, Oculus' new all-in-one VR headset
- Commercial agreement entered into with U.S. Space and Rocket Centre for use of VRE's Apollo 11 VR experience
- ENGAGE platform selected by Facebook for its Oculus Independent Software Vendors ('ISV') programme
- Shuttle Commander released on Sony PlayStation
- Partnership entered with Deutsche Telekom, Qualcomm Technologies Inc. and XRSPACE for launch of new 5G VR device

### 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, 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



## 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*



## 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 50 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 50 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/>

## COVID-19 presents opportunity

COVID-19 has changed the world over the past six months and when this pandemic is finally over we expect some aspects of life to return to pre COVID-19 normality. However, we believe many business operations and educational institutes will remain forever changed.

Business travel, tourism, busy open plan offices and training professionals will be among those most effected and we are already seeing major corporations providing their staff with remote work options with Google, Twitter and Facebook announcing workers can say at home working forever post COVID-19.

Video-based communication platforms are great for small meetings. However, with larger group sizes, users can talk over each other easily and collaboration becomes near impossible when you go above 8 or more users on a single call. Video based platforms are coming up short especially with educators struggling to hold full classes. Another major area is the event space with almost every large event organized for 2020 being cancelled and seeking online alternatives.

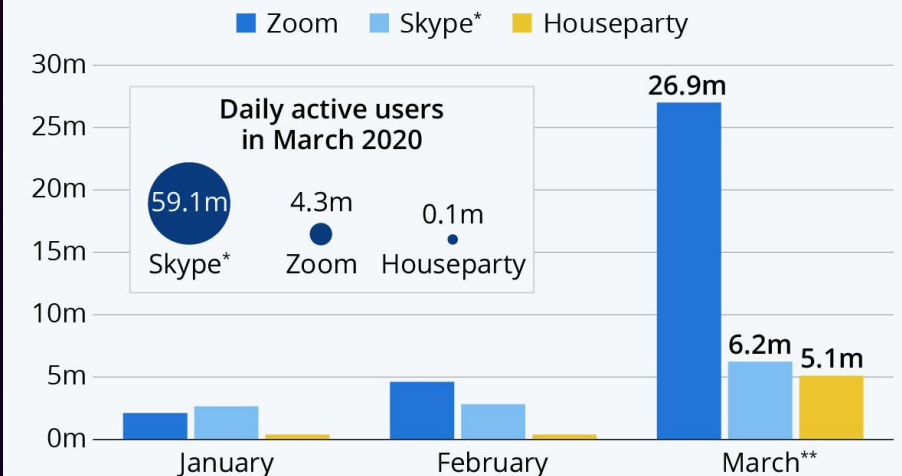
ENGAGE is designed to host collaboration teams of up to 50 users in a single session by allowing all users to interact naturally and collaborate easily. ENGAGE has also hosted major events in the past where hallway conversations are made possible in VR which is something video communications simply cannot do.

COVID-19 has forced the world to work online and as workers and students are now getting used to the 'New Normal' of working from home remotely a real opportunity for a new more immersive communications platform has appeared.

VRE intends to fill this void.

### Video Chat Apps Rise to Prominence Amid Pandemic

Global downloads of video chat apps for Android and iOS



\* excluding Skype for Business

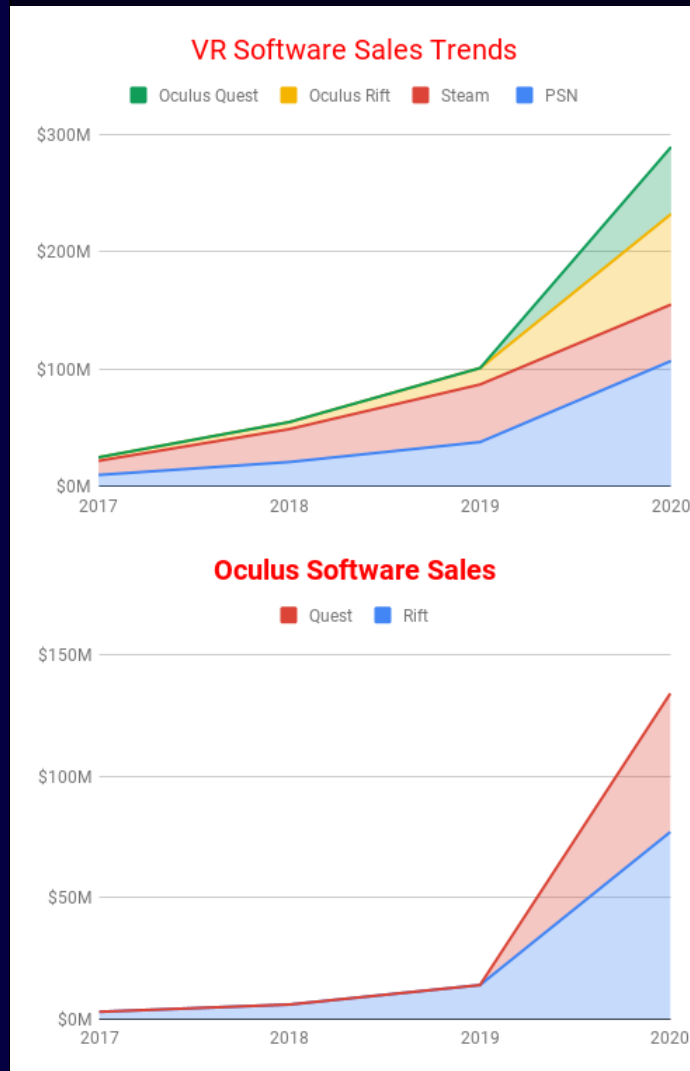
\*\* March data as of March 26

Source: Priori Data



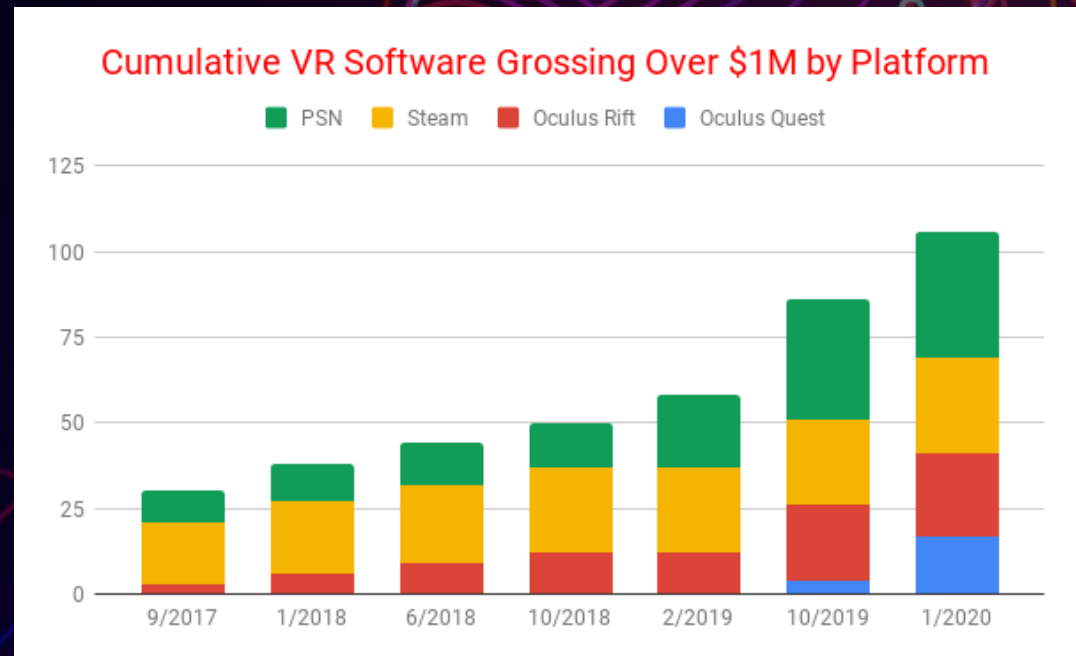


# Market overview - 2019 an inflection point for VR



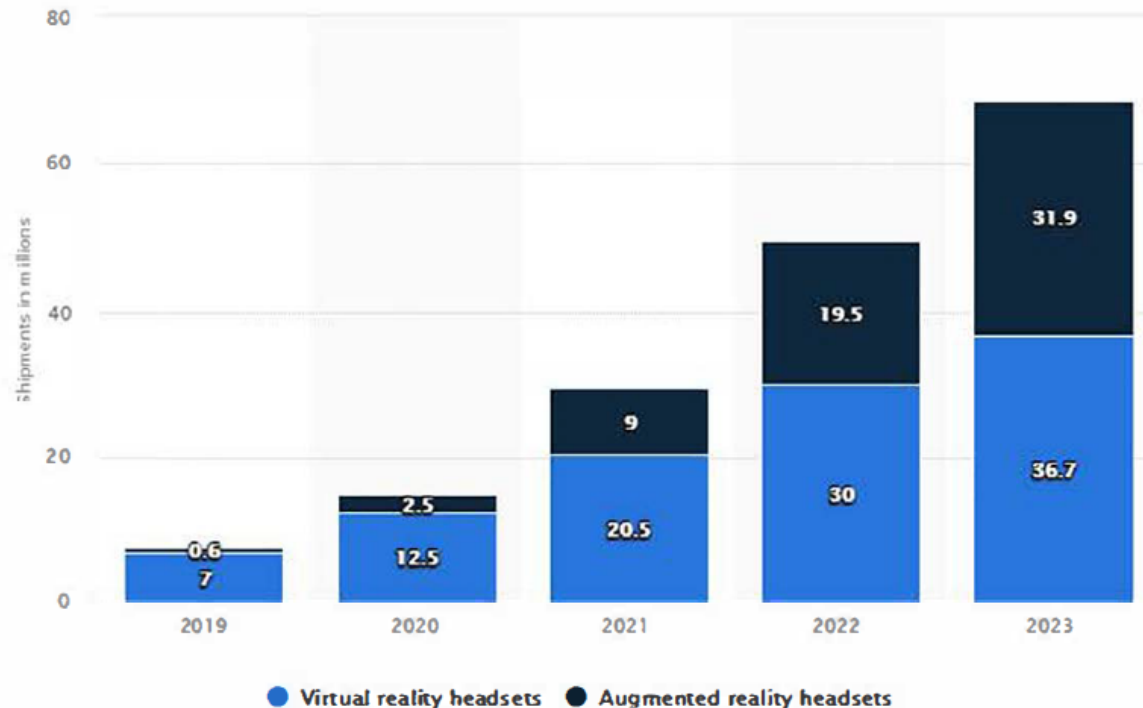
VR adoption is accelerating thanks to standalone devices such as the Oculus Quest. Over 100 VR entertainment titles have generated more than US\$1 million in revenue, growing the total VR software market by 3x in 2019. Top grossing VR titles have cleared US\$10.0 million in revenue and can reach up to US\$60.0 million in sales given the current distribution of headsets in the market so far.

Though still small, VR is growing to become a sustainable platform for developers. VRE has one title (Apollo 11 VR) which has generated over US\$1.8 million in revenue and another title (Titanic VR) which should break through US\$1.0 million of revenue generated at some point during 2020.



# 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.

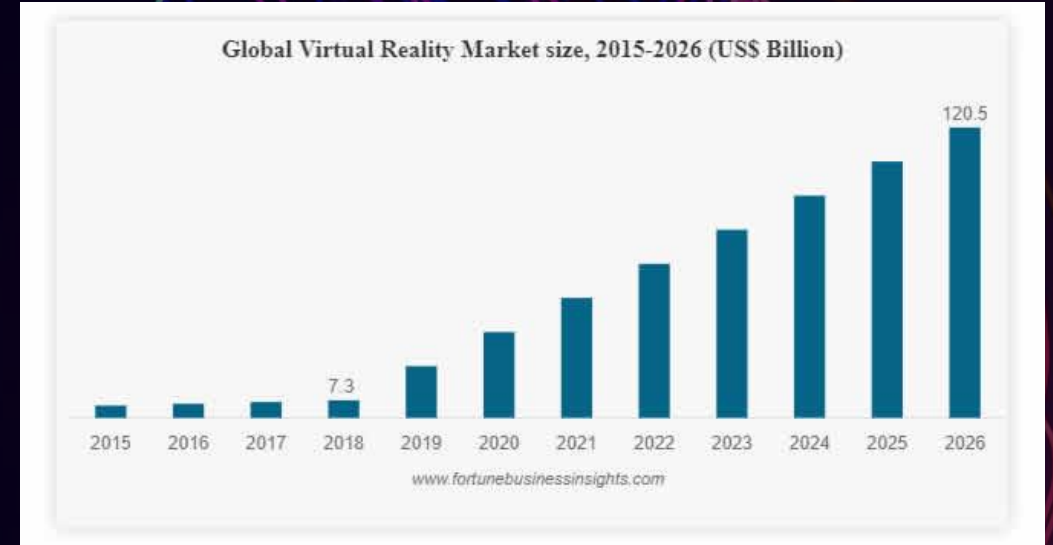


# Market overview – positive momentum

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	2019	2018
Revenue	1,024	716
Gross Profit	623	477
EBITDA	(1,439)	(1,545)
Adjusted loss from continuing operations <sup>1</sup>	(1,940)	(4,944)

1. Adjusted loss from continuing operations in 2018 includes:
  - a. A non-cash fair value loss arising on derivate financial liabilities of €2.6 million arising from the conversion of convertible debt and preference shares to ordinary equity in Immersive VR Education Limited ("IVRE") prior to the acquisition of IVRE by the Group.
  - b. Extinguishment costs of €0.3 million comprising a non-cash element of €0.2 million arising from share warrants issued to debt and preference shareholders in IVRE on conversion and €0.1 million cash contributions made by IVRE to debt and preference shareholders as part of the commercial agreements entered into on conversion.

## Financial summary: Balance sheet

€'000	2019	2018
Property, plant and equipment	116	59
Intangible assets – software in development	1,434	956
Trade and other receivables	205	394
Cash and short term deposits	1,292	3,486
<b>Total assets</b>	<b>3,047</b>	<b>4,895</b>
Trade and other payables	193	195
Operating lease liabilities	66	-
Issued share capital and share premium	21,781	21,781
Other reserves	(11,287)	(11,315)
Retained earnings	(7,706)	(5,766)
<b>Total equity and liabilities</b>	<b>3,047</b>	<b>4,895</b>



## Financial summary: Cash flow

€'000	2019	2018
Adjusted loss from continuing operations	(1,940)	(4,944)
Less: Capitalised software development costs	(890)	(696)
Property, plant & equipment	(36)	(52)
Add: Proceeds from IPO	-	6,180
Other	486	310
Other: Exceptional items	-	2,925
Working capital movement	187	(342)
<b>Net cash (outflows)/inflows in period</b>	<b>(2,193)</b>	<b>3,381</b>
Opening cash	3,485	104
<b>Closing cash</b>	<b>1,292</b>	<b>3,485</b>

The Company was in a positive cash position at the end of December 2019 of €1.3m and post HTC's recent investment in May 2020, the cash position is €3.4m.

The Company is debt free.

## Financial summary: Cash flow

### APOLLO 11 VR

- Multi-award winning experience based on the Apollo 11 moon landing
- Approx. 240k 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. 60k copies sold and in excess of €0.7m 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 Q3 2020





## CURRENT TRADING & FY 2020 OUTLOOK



## Current trading and FY 2020 Outlook

### Current trading

Continued good progress in H2 2020 with a number of new agreements for ENGAGE and showcases also performing strongly

€3.0m subscription for ordinary shares agreed with HTC in May 2020

Distribution agreement signed with HTC for exclusive resale of ENGAGE in Greater China Region.

### FY 2020 Outlook

Significant demand for ENGAGE services on back of successful HTC event in March 2020

Shuttle Commander will become available on PC, Vive, Oculus, Windows MR and Quest in H2 2020

Reseller and content partnerships beginning to bear fruit in H2 2020 pushing demand further for ENGAGE products





# APPENDIX



## Appendix – Statement of Comprehensive Income

	2019 €	2018 €
<b>Continuing Operations</b>		
Revenue	1,024,148	716,345
Cost of Sales	(401,487)	(239,701)
<b>Gross Profit</b>	<b>622,661</b>	<b>476,644</b>
Administrative Expenses	(2,555,449)	(2,247,337)
<b>Operating Loss</b>	<b>(1,932,788)</b>	<b>(1,770,693)</b>
Fair value (loss)/gain arising on derivative financial liabilities	-	(2,638,063)
Extinguishment Costs	-	(267,971)
IPO Transaction Costs	-	(237,202)
Finance Costs	(6,998)	(29,977)
<b>Loss before Income Tax</b>	<b>(1,939,786)</b>	<b>(4,943,906)</b>
Income Tax credit	-	-
<b>Total comprehensive loss for the year attributable to owners of the parent</b>	<b>(1,939,786)</b>	<b>(4,943,906)</b>



## Appendix – Statement of financial position

	2019 €	2018 €
<b>Non-Current Assets</b>		
Investment in subsidiaries	15,028,809	15,028,809
	<hr/>	<hr/>
	15,028,809	15,028,809
<b>Current Assets</b>		
Trade and other receivables	5,353,433	5,136,849
Cash and short-term deposits	166,411	753,090
	<hr/>	<hr/>
	5,519,844	5,889,939
	<hr/>	<hr/>
<b>Total Assets</b>	<b>20,548,653</b>	<b>20,918,748</b>
	<hr/>	<hr/>
<b>Equity and Liabilities</b>		
<b>Equity Attributable to Shareholders</b>		
Issued share capital	193,136	193,136
Share premium	21,587,539	21,587,539
Other reserves	(194,087)	(212,363)
Retained earnings	(1,173,957)	(687,587)
	<hr/>	<hr/>
<b>Total Equity</b>	<b>20,412,631</b>	<b>20,880,725</b>
	<hr/>	<hr/>
<b>Current Liabilities</b>		
Trade and other payables	136,022	38,023
	<hr/>	<hr/>
<b>Total Liabilities</b>	<b>136,022</b>	<b>38,023</b>
	<hr/>	<hr/>
<b>Total Equity and Liabilities</b>	<b>20,548,653</b>	<b>20,918,748</b>
	<hr/>	<hr/>

# Appendix – Statement of cash flows

	2019 €	2018 €
Loss before income tax	(1,939,786)	(4,943,906)
Adjustments to reconcile loss before tax to net cash flows:		
Depreciation of fixed assets	81,108	49,984
Amortisation of intangible assets	412,976	175,300
Fair value loss/(gain) arising on derivative financial liabilities	-	2,638,063
Non-cash element of extinguishment costs	-	174,651
Non-cash element of advisor warrants	-	112,381
Other non-cash items	-	1,944
Finance Costs	6,998	29,977
Share Option Expense	27,334	30,145
Movement in trade & other receivables	189,210	(155,798)
Movement in trade & other payables	(2,302)	(187,824)
	(1,224,462)	(2,075,083)
Bank interest & other charges paid	(6,998)	(29,977)
<b>Net Cash used in Operating Activities</b>	<b>(1,231,460)</b>	<b>(2,105,060)</b>
<b>Cash Flows from Investing Activities</b>		
Purchases of property, plant & equipment	(35,793)	(52,225)
Payments to develop Intangible Assets	(890,159)	(696,059)
<b>Net cash used in investing activities</b>	<b>(925,952)</b>	<b>(748,284)</b>
<b>Cash Flows from Financing Activities</b>		
Proceeds from issuance of ordinary shares	-	6,234,953
Payment of lease liabilities	(34,922)	-
<b>Net cash generated from financing activities</b>	<b>(34,922)</b>	<b>6,234,953</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>(2,192,334)</b>	<b>3,381,609</b>
Cash and cash equivalents at beginning of year	3,485,186	103,577
<b>Cash and cash equivalents at end of year</b>	<b>1,292,852</b>	<b>3,485,186</b>



## 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 Larrissey**

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.

**Michael Boyce**

Non – Executive Director

With over 20 years of sales experience in the UK education sector, his knowledge and expertise of both strategic and pedagogical approach of ICT into Education is outstanding.

## Appendix - Significant Shareholders post HTC Subscription

Shareholder Name	Number of Shares	%
HTC	48,284,102	20.00
David Whelan	38,665,000	16.02
Sandra Whelan	38,665,000	16.02
Enterprise Ireland	18,998,760	7.87
Octopus Investments Limited	17,272,391	7.15
Unicorn AIM VCT Plc	15,877,000	6.58
Suir Valley Ventures	13,940,580	5.77
Kernel Capital	13,157,200	5.45
Barry Downes	13,047,200	5.40



# **VREDUCATION**

---

## **HOLDINGS**

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

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

**Website:** [www.vreducationholdings.com](http://www.vreducationholdings.com)

**Email:** [Info@immersivevreducation.com](mailto:Info@immersivevreducation.com)

**Twitter:** @vreducation

**PR:** Buchanan  
**Henry Harrison-Topham**  
**E:** [vre@buchanan.uk.com](mailto:vre@buchanan.uk.com)  
**T:** +44 (0) 20 7466 5000

**UK Broker:** Shard Capital Partners LLP  
**Erik Woolgar**  
**E:** [Erik.Woolgar@shardcapital.com](mailto:Erik.Woolgar@shardcapital.com)  
**T:** +44 (0) 20 7186 9952

**Irish Broker:** Davy  
**Fergal Meegan**  
**E:** [Fergal.Meegan@davy.ie](mailto:Fergal.Meegan@davy.ie)  
**T:** + 353 1 679 6363

**Nomad:** Cairn Financial Advisers LLP  
**James Caithie**  
**E:** [James.Caithie@cairnfin.com](mailto:James.Caithie@cairnfin.com)  
**T:** +44 (0) 20 7213 0880

