



Interim Results

For the 6 months ended 30 June 2019

23 September 2019

Presenting Today

David Whelan, CEO

Séamus Larrisey, CFO

VREDUCATION
HOLDINGS

WHAT WE DO

VR social learning & training platform
delivering live & recorded presentations/lectures



Standalone experiences being developed to showcase
platform assets and generate early revenue

H1 2019 FINANCIAL HIGHLIGHTS

- Revenue up 66% to €497k (H1 2018: €300k)
- Revenue accelerated during H1 2019 and the Group is currently on track to meet FY 2019 expectations with a new Showcase Experience 'Shuttle Commander' due for release in Q4 2019
- In line with management expectations the EBITDA result was unchanged at a loss of €0.9m (H1 2018: loss of €0.9m)
- In line with management expectations the loss before tax was €1.2m, a significant improvement on last year (H1 2018: loss of €4.1m, including €2.9m non-cash items)
- Net cash 30 June 2019 of €2.2m and 20 September 2019 of €1.9m
- Loss per share for the period of €0.01 (H1 2018: €0.02)

H1 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 Center in Huntsville, Alabama, for use of the Group's Apollo 11 VR experience

A FOCUSED STRATEGY

ESTABLISH ENGAGE AS A WORLD LEADING DIGITAL EDUCATION & CORPORATE TRAINING PLATFORM

OBJECTIVE

Provide students, educators and corporate trainers with an alternative to attending bricks and mortar institutes or expensive onsite simulated training

STRATEGY

1 Drive commercial adoption and revenue on ENGAGE VR social learning & training platform

- Partner with leading educational institutes and corporate trainers to help them provide content within the ENGAGE platform
 - Partner with VR/AR hardware manufacturers to package tailor-made solutions for corporate/simulated training such as safety/medical training
 - Higher focus in the corporate training sectors as demand in the education sector grows
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2 Provide complementary content attached to showcase experiences, produced and released on a regular basis

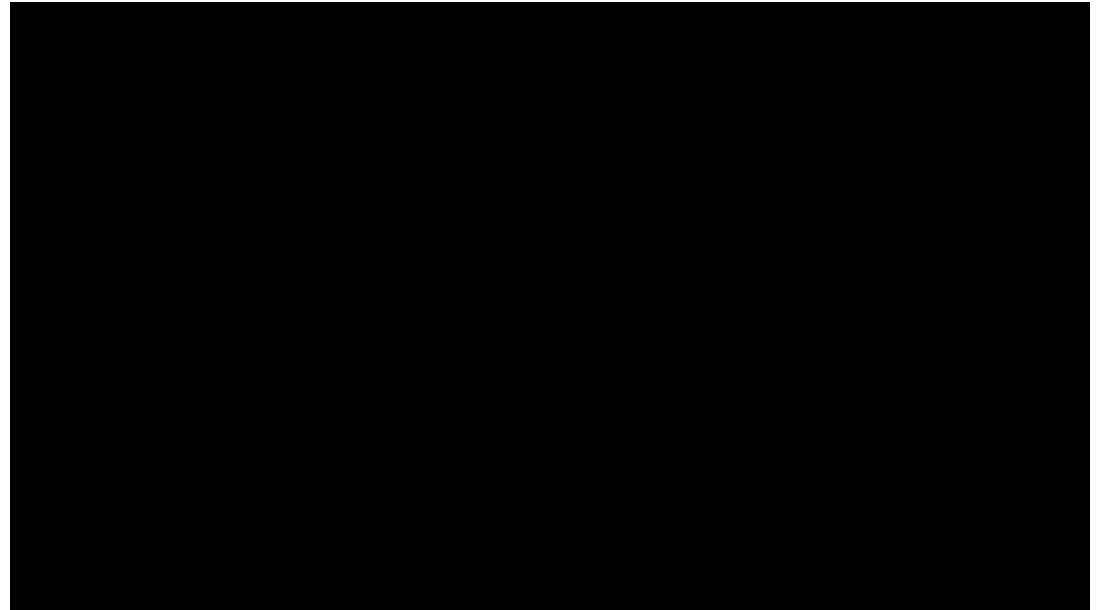
OUR PLATFORM

SHORT PLATFORM OVERVIEW



Engage allows users to provide

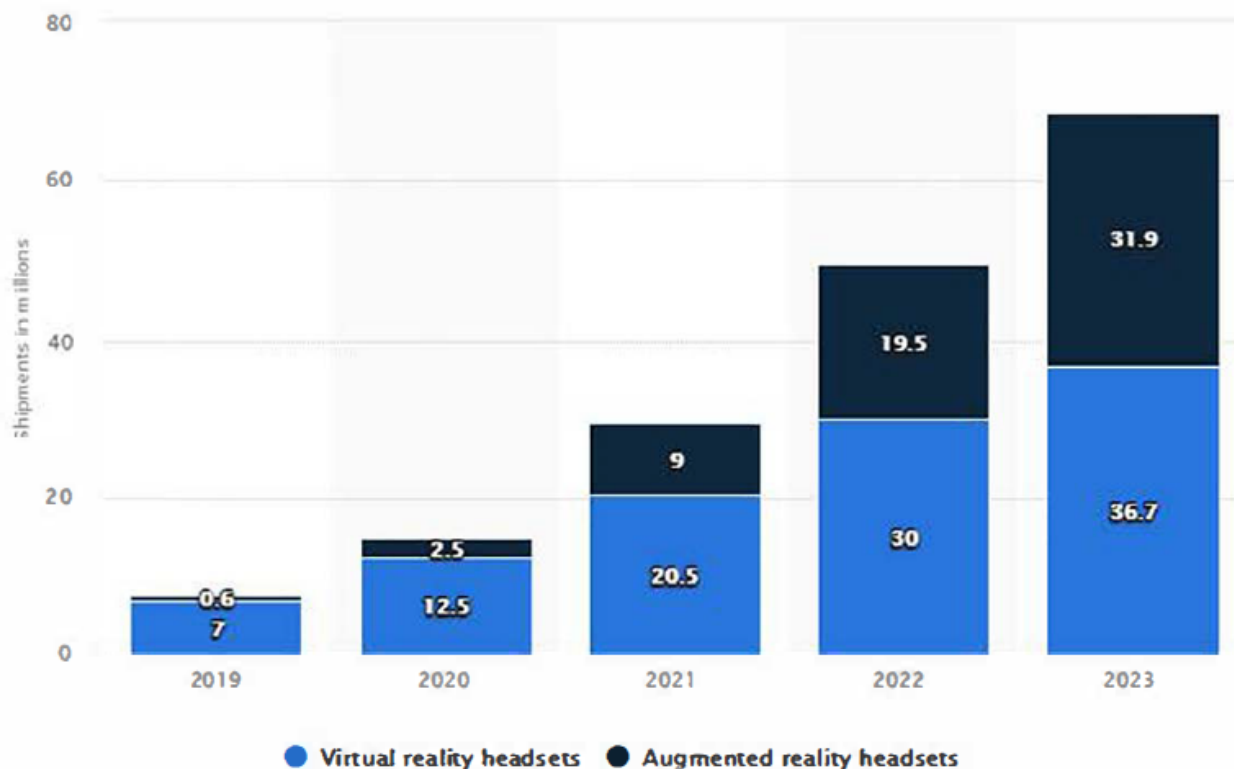
- Remote distance learning
 - Trainer & Teacher remote presence
 - Full communication both verbal & non-verbal
 - Fully immersive learning environments
 - Interactive testing
 - Interactive learning through simulated tasks
 - Social / group learning with peer support tools
- Collaboration tools
 - Live and recorded presentations & lectures
 - Screen casting, 360 video streaming, media playback
 - Recorded class activity playback
 - 4D effects



VR/AR MARKET UPDATE

GROWTH OF IMMERSIVE TECHNOLOGIES

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, Sept 2019

VR/AR MARKET UPDATE

2019 Generation 2.0 Hardware

2019 will see the release of additional standalone VR hardware which do not require PC's to provide a high end user experience. ENGAGE will support the below devices, providing a smaller barrier to entry for many users. All devices below cost less than an iPad which many schools have purchased in the past.



oculus quest

\$399



Pico

\$360



VIVE FOCUS

\$599

Note: ENGAGE will support Oculus and HTC stand alone devices before the end of 2019

ENGAGE UPDATE

VERSION 1.1.4 OF ENGAGE LAUNCHED IN AUG 2019

New features included

- Enterprise Admin Added
- Additional Locations
- Additional Content
- Server Upgrades
- Web Interface Upgrades
- Standalone Beta Released for testing
- Performance Upgrades





FINANCE SUMMARY

FINANCIAL SUMMARY: INCOME STATEMENT

€'000	H1 2019	H1 2018
Revenue	497	300
Gross Profit	280	204
EBITDA	(898)	(939)
Adjusted loss from continuing operations ¹	(1,173)	(4,131)

1. Adjusted loss from continuing operations in H1 2018 included:
 - 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	30 June '19	30 June '18
Property, plant, equipment & leased assets	152	68
Intangible assets – software in development	1,205	613
Trade and other receivables	290	128
Cash and short term deposits	2,221	4,933
Total assets	3,868	5,742
Trade and other payables	327	244
Issued share capital and share premium	21,781	21,185
Other reserves	(11,301)	(10,734)
Retained earnings	(6,939)	(4,953)
Total equity and liabilities	3,868	5,742

FINANCIAL SUMMARY: CASH FLOW

€'000	H1 2019	H1 2018
Adjusted loss from continuing operations	(1,173)	(4,131)
Less: Capitalised software development costs	(481)	(176)
Property, plant & equipment	(34)	(30)
Add: Proceeds from IPO	-	6,180
Other	269	138
Other: Exceptional items	-	2,925
Working capital movement	155	21
Net cash (outflows) / inflows in period	(1,264)	4,927
Opening cash	3,485	6
Closing cash	2,221	4,933

- Company is in a positive cash position at the end of June 2019 of €2.2m
- Company is debt free



SHOWCASE EXPERIENCES UPDATE

APOLLO 11

HUGELY POPULAR VR EXPERIENCE ACROSS DIFFERENT PLATFORMS

- Multi-award winning experience based on the Apollo 11 landing
- Available on Oculus, Steam, Viveport and PlayStation Store
- >200k copies sold
- Revenue so far €1.6 million
- Selected as launch title on Oculus Quest



TITANIC

VIRTUAL EXPLORATION OF THE WORLDS MOST FAMOUS SHIPWRECK

- Interactive exploration game and historically accurate experience based on eye-witness testimony and substantial research
- Available on Oculus, Steam and PlayStation Store
- >40k copies sold
- Revenue so far €0.5m



SHUTTLE COMMANDER

PARTICIPATE IN THE HUBBLE SPACE TELESCOPE MISSIONS FIRST HAND

- Launching in Q4 2019
- Initially available on PlayStation's VR headset, a platform with more than 4.2m users; then available on Oculus Quest
- Expected to appeal to same demographic as Apollo 11 and Titanic VR
- Users can fly the shuttle and take control of the Canada Arm as earth passes below in day/night cycle



SUMMARY & OUTLOOK

- Revenue growth in H1 2019 driven by new commercial deals on the ENGAGE platform and ongoing demand for the showcase experiences, including with the US Space and Rocket Centre
- New consumer-focused XR standalone devices (Oculus Quest and HTC Vive Focus) are increasing demand for the group's products, particularly in the US and Asia
- ENGAGE business development and marketing presence refocused on the US and Asia, with further commercial deals expected in H2 2019
- Launch of Shuttle Commander in Q4 2019 on Playstation's VR headset, the largest platform for such VR experiences
- Receiving an increasing number of requests from potential corporate customers to produce content for VR training programmes
- On track to meet FY 2019 expectations



APPENDIX

APPENDIX 1 – STATEMENT OF COMPREHENSIVE INCOME

	Unaudited Six months ended 30 June 2019 €	Unaudited Six months ended 30 June 2018 €
Continuing Operations		
Revenue	497,362	300,110
Cost of Sales	(217,699)	(95,749)
Gross Profit	279,663	204,361
Administrative Expenses	(1,448,633)	(1,400,165)
Operating Loss	(1,168,970)	(1,195,804)
Fair value (loss) / gain arising on derivatives financial liabilities	-	(2,638,063)
Extinguishment Costs	-	(267,971)
Finance Costs	(3,597)	(29,086)
Loss before Income Tax	(1,172,567)	(4,130,924)
Income Tax Credit	-	-
Loss for the Year from continuing operations	(1,172,567)	(4,130,924)

APPENDIX 2 – STATEMENT OF FINANCIAL POSITION

	Unaudited as at 30 June 2019 €	Unaudited as at 30 June 2018 €	Audited as at 31 Dec 2018 €
Non-Current Assets			
Property, Plant & Equipment	152,174	68,116	59,541
Intangible Assets	1,205,227	612,421	956,550
	1,357,401	680,537	1,016,091
Current Assets			
Trade and other receivables	289,932	128,108	394,114
Cash and short term deposit	2,220,797	4,932,981	3,485,186
	2,510,729	5,061,089	3,879,300
Total Assets	3,868,130	5,741,626	4,895,391
Equity and Liabilities			
Equity Attributable to Shareholders			
Issued share capital	193,136	193,136	193,136
Share premium	21,587,539	21,587,539	21,587,539
Other reserves	(11,300,902)	(10,733,760)	(11,314,729)
Retained earnings	(6,938,317)	(5,548,980)	(5,765,750)
Total Equity	3,541,456	5,497,935	4,700,196
Non-Current Liabilities			
Operating lease liabilities	44,522	-	-
Current Liabilities			
Trade and other payables	246,434	243,691	195,195
Operating lease liabilities	35,718	-	-
	282,152	243,691	195,195
Total Liabilities	326,674	243,691	195,195
Total Equity and Liabilities	3,868,130	5,741,626	4,700,196

APPENDIX 3 – STATEMENT OF CASH FLOWS

	Unaudited Six months ended 30 June 2019 €	Unaudited Six months ended 30 June 2018 €
Cash Flows from Operating Activities		
Loss before income tax	(1,172,567)	(4,130,924)
Adjustments to reconcile loss before tax to net cash flows:		
Depreciation	39,015	36,621
Amortisation	231,807	-
Fair value loss arising on derivative financial liabilities	-	2,638,063
Finance Costs	3,597	29,086
Non-cash element of advisor warrants	-	112,381
Non-cash element of investor warrants	-	174,651
Share Option Expense	13,827	14,902
Movement in redeemable shares	-	25,000
Movement in Trade & Other Receivables	104,182	110,207
Movement in Trade & Other Payables	51,239	(114,328)
	<u>(728,900)</u>	<u>(1,104,341)</u>
Bank interest & other charges paid	(3,597)	(29,086)
Net cash used in operating activities	<u>(732,497)</u>	<u>(1,133,427)</u>
Cash Flows from Investing Activities		
Purchases of property, plant & equipment	(34,137)	(30,059)
Payments to develop Intangible Assets	(480,482)	(176,630)
Cash acquired on acquisition of subsidiary	-	86,801
Net cash used in investing activities	<u>(514,619)</u>	<u>(119,888)</u>
Cash Flows from Financing Activities		
Proceeds from issuance of ordinary shares	-	6,180,046
Payment of operating lease liabilities	(17,273)	-
Net cash (used) / generated from financing activities	<u>(17,273)</u>	<u>6,180,046</u>
Net (decrease) / increase in cash and cash equivalents	<u>(1,264,389)</u>	<u>4,926,731</u>
Cash and cash equivalents at beginning of period	3,485,186	6,250
Cash and cash equivalents at the end of period	<u>2,220,797</u>	<u>4,932,981</u>

APPENDIX 4 – A TEAM TO DELIVER

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. Former Irish rugby player and winner of the TimeWarner Award and nominated at the Venice Film Festival as best director for a VR BBC Berlin Blitz.

Séamus Larrissey

Chief Financial Officer

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

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.

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 C.E.O 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.



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