

# ENGAGE

VIRTUAL COMMUNICATIONS MADE REAL

VR Education Holdings plc

## Interim Results Presentation September 2021

# Disclaimer

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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.



# ENGAGE

VIRTUAL COMMUNICATIONS MADE REAL

A person is shown in profile, wearing a VR headset. Their hand is reaching out towards a glowing, wireframe sphere composed of interconnected triangles. The background is dark and filled with abstract digital elements like lines, dots, and other geometric shapes, creating a futuristic, high-tech atmosphere.

01

# Current Platform Growth by Numbers

# ENGAGE Platform Growth

ENGAGE is fast becoming the next generation virtual communications and training solution for enterprise and education

## Accelerating ENGAGE momentum to exceed our near term milestones

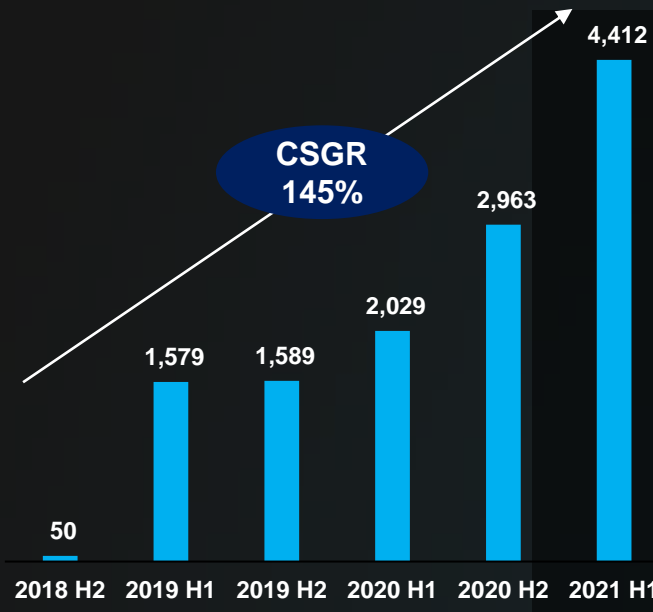
- **ENGAGE revenue** to 30 June 2021 of €0.9m (H1 2020: €0.2m)
- Over **130 commercial customers** on the ENGAGE platform.
- **€3.0m contract value** for ENGAGE Subscriptions closed from launch to end August 2021
- New **HTC headset launch (VIVE Focus 3)** **bundling ENGAGE** and partnership with HP to roll out ENGAGE on new HP ProBook laptops sold in China
- Total active clients have **grown by 11% month on month** and 49% increase in active licenses in H1 2021.

# Seizing the Opportunity for Growth

Underlying business KPIs evidencing continued traction year to date in 2021  
On plan growth in licenses; customers; and larger contracts

+49% Increase in Licenses since Year-end

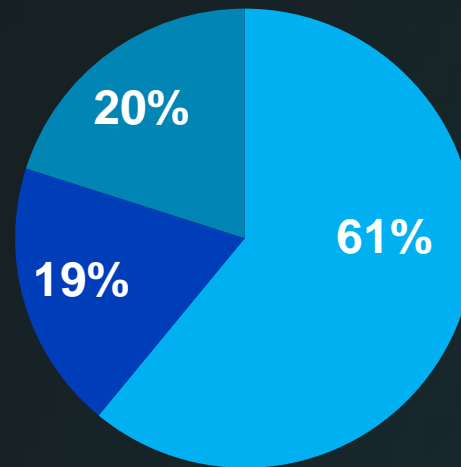
Total Licenses<sup>1</sup>



61% of Revenue H1-21 is recurring

H1-21 Revenue by Type<sup>2</sup>

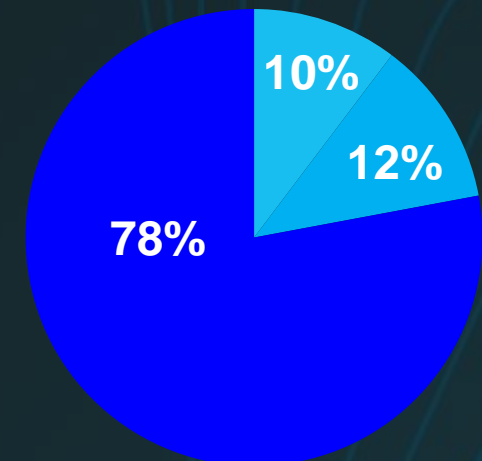
■ Recurring ■ Professional Services ■ Event



22% of Contracts >€25k and Growing

Annual Contract Size<sup>3</sup>

■ >€75k ■ >€25k <€75k ■ >€3k <€25k



Note: YTD 2021 figures shown as at 30 Jun 2021

<sup>1</sup> As at 30 Jun 2021. Classified as a license if active as at period end.

<sup>2</sup> Revenue by type refers to revenue YTD 21 to 30 June 2021.

<sup>3</sup> Annual contract size is based on the number of contracts at certain values at each period end.



# ENGAGE Use Cases Commercialised

In excess of €3m value of ENGAGE subscriptions closed with 130+ customers globally in 20 months.

## ENGAGE VIRTUAL CAMPUS

- Delivery of education and corporate training remotely using persistent locations and client produced content
- Full suite of virtual collaboration tools resulting in increased learning retention with research showing that VR learners are four times faster to train than classroom learners<sup>1</sup>



## ENGAGE VIRTUAL OFFICE

- Enabling remote working environment and virtual collaboration between colleagues and customers for sales meetings, daily standups and corporate gathering
- Branded Meeting & Conference Rooms with virtual collaboration tools making remote collaboration more effective



## ENGAGE VIRTUAL EVENTS

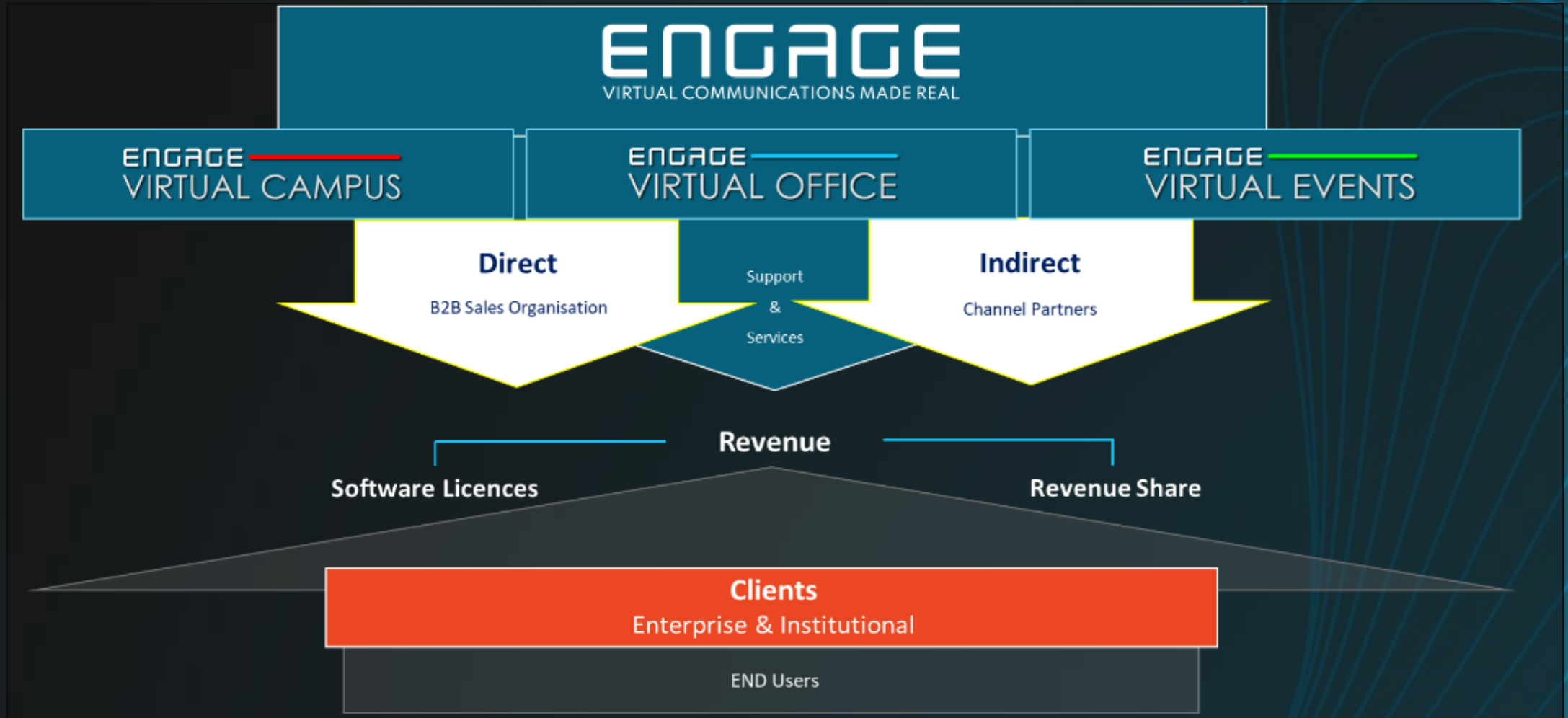
- Providing an immersive environment to host events where video-based platforms cannot meet attendees' expectations
- Event capability enabling Company to introduce solution to enterprise and educational clients and to offer a value-added solution for Campus and Office customers



# Current Revenue and Go To Market Model

Hybrid direct and indirect distribution model proving advantageous to building client relationships in a global market

- Growing variety of arrangements with channel partners to optimise by territory
- Channel partners include HTC, Lobaki, Mace Virtual Labs with others under negotiation





# Channel Partner | HTC 2021 Market Launch



ENGAGE will be one of the main applications in the software bundle of HTC's new headset they recently launched, the VIVE Focus 3



HTC announced a partnership with HP to roll out its XR suite which includes VIVE Sessions (i.e. ENGAGE) on new HP ProBook laptops sold inside China

- ✓ VIVE Sessions will launch commercially in VR in Q3 2021 and the new VIVE Focus 3 headset will be available to purchase then
- ✓ Two major HTC events, VIVECON and V2EC held through the ENGAGE / VIVE Sessions platform, enabling tens of thousands of people to have an interactive spatial experience without leaving their homes
- ✓ Dedicated sales and marketing teams in Asia, USA & Europe focused on selling HTC hardware and VRE software
- ✓ Expectation of significant traction from H2 2021 now that the headset has been announced

## HTC Partnership (May 2020)

- Strategic partnership
- Covering distribution and license of ENGAGE globally through HTC enterprise sales channels
- Exclusive resale agreement in the Greater China region
- Non-exclusive worldwide reseller / distributor agreement
- Revenue share covering all revenue generated by HTC
- Minimum annual guaranteed revenue of €300k

A person wearing VR goggles is shown in profile, looking upwards. In the background, a hand reaches out towards a glowing, wireframe sphere. The scene is overlaid with various geometric shapes like triangles and lines, suggesting a virtual or augmented reality environment. The overall color palette is dark blue and teal.

02

## Growth Opportunity & Scaling



# Evolution not Revolution

ENGAGE Oasis is a new digital world where businesses, professional users, educators and digital artists can connect and provide services directly to each other and to the general public.

The ENGAGE Oasis is primarily designed for professional events, team collaboration, remote performances, online subscription services, distance learning and unique art displays.

Built on top of the ENGAGE communications platform ENGAGE Oasis provides unparalleled customization options for users allowing for unique digital spaces to be created easily and linked together in a fully persistent digital world.

MetaWorld Builders inside the ENGAGE Oasis construct not only the visible locations for users to visit but also the rules and laws that govern any given MetaWorld location. As an example you can set a dress code for your location or provide access to features depending on the user type visiting your location. MetaWorld Builders can also appoint a moderation team to patrol the location ensuring a safe environment is maintained where needed.

ENGAGE Oasis is the spatial services platform for creative builders, innovative brands, exciting educators and the professional public.

# ENGAGE OASIS



ENGAGE Oasis Trailer





\$1.25 Billion Valuation

[Link](#)



\$41 Billion Valuation

[Link](#)



\$200m revenue 124 million users.  
First released 11 years ago.

[Link](#)



\$1 Billion funding round to build  
metaverse

[Link](#)

## IS NOW THE RIGHT TIME?

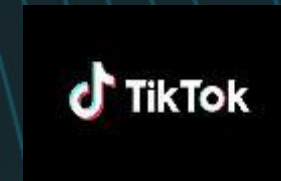
All platforms shown here are designed around user generated experiences and mini games

All platforms are primarily used by young children and teenagers

Revenues are generated by in world purchases for digital items and upgrades with millions of players required to generate meaningful returns

All platforms are multiuser for shared virtual experiences

**Audience for all of the platforms shown here would typically use the following traditional social media**





# ENGAGE OASIS



## WHY ARE WE DIFFERENT?

ENGAGE Oasis is designed for business professionals, corporations, young professionals and college students.

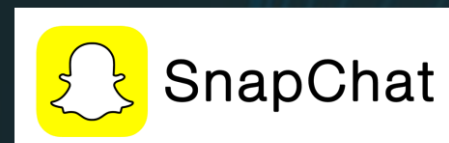
ENGAGE avatars and virtual locations are tailored for professional users and guidelines are set by sector owners.

We do not limit digital artist or corporations to using virtual building blocks or style guides allowing for unlimited branding opportunities.

ENGAGE Oasis is built first and foremost with security and user safety in mind.

If REC Room and Roblox are the TikTok and Instagram of the immersive world we are aiming to be the LinkedIn metaverse.

**Target users for the ENGAGE Oasis will be 17+ in age using the below social platforms**



# How much of this have we built already ?

ENGAGE

75%

ENGAGE  
OASIS

25%

**Proto mini ENGAGE Oasis released in version 1.8 during 5/6/21**

ENGAGE already has 75% of the features and code base developed to make the Oasis a reality due to our Office, Events and Education offerings however we are working on some key features listed below before we go live.

## Key Items requiring development

- **Full Marketplace Deployment** ( currently in pre-planning )
- **Sketchfab Integration** ( in development at testing stage right now )
- **Improved SDK & Editor** ( Ongoing improvements released each quarter )
- **Friend System & Reporting Structure** ( currently in pre-planning )
- **Ranking System & Reward Structure** ( currently in pre-planning )
- **Industry Security Certification** ( in progress we expect to complete ISO 27001 by year end)
- **Fully custom avatar system with additional user rights per sector** ( development currently at QA stage )
- **NFT support** ( currently in pre-planning )
- **Console Support** ( in development )

ENGAGE  
OASIS



A person is shown in profile, wearing a VR headset. They are interacting with a digital sphere composed of a wireframe mesh, surrounded by a network of blue lines and points. The background is dark with some blurred light sources. The overall theme is virtual reality and technology.

# 03

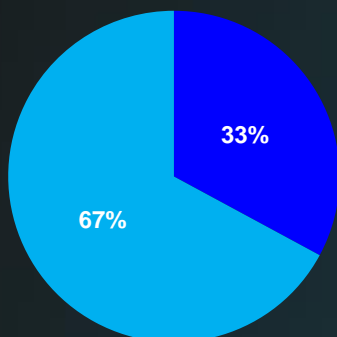
## Interim Results

# FY2021 | ENGAGE Driving Group Performance

Year ended 31 December	H1 2021 (€)	H1 2020 (€)	% Change
Revenue	1,248,441	681,152	+83%
<i>ENGAGE</i>	904,895	223,985	304%
<i>Non-ENGAGE</i>	343,546	457,167	(33%)
Gross Profit	992,572	478,170	+108%
Gross profit margin	80%	70%	+10%
Cash and cash equivalents	9,192,065	3,234,069	+184%

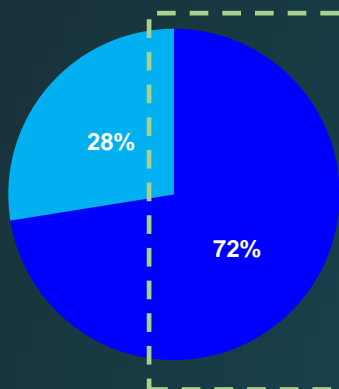
H1-20 Revenue Split

■ ENGAGE ■ Non-ENGAGE



H1-21 Revenue Split

■ ENGAGE ■ Non-ENGAGE



- Generated H1 21 revenue of **€1.25m** up approx. 83% on prior period
- ENGAGE revenue up by over 300%, now accounting for greater than 70% of Group revenues
- €0.9m in ENGAGE Revenue to 30 June 2021 representing 151% of total ENGAGE revenue in 2020
- 10% increase in gross profit margin from 70% in **H1-20** to **80% in H1-21**, primarily due to greater ENGAGE contribution
- Cash balance in **excess of €9.0m** with net monthly cash burn running at approx. €0.25m at period end

# Financial Summary – Income Statement

6 months ended 30 June	H1 2021 (€)	H1 2020 (€)	% Change
Revenue	1,248,441	681,152	+83%
Cost of Sales	(255,869)	(202,982)	+26%
<b>Gross Profit</b>	<b>992,572</b>	<b>478,170</b>	<b>+108%</b>
Gross Profit %	80%	70%	+10%
Administrative Expenses	(2,287,350)	(1,608,415)	+42%
<b>Operating Loss</b>	<b>(1,294,778)</b>	<b>(1,130,245)</b>	<b>+15%</b>
EBITDA	(955,865)	(874,968)	+9%
Finance Costs	(3,259)	(2,710)	+20%
<b>Total comprehensive loss for the period</b>	<b>(1,298,037)</b>	<b>(1,132,955)</b>	<b>+15%</b>

- H1-21 revenue of €1.25m up approx. 83% on prior year
- Increase in gross profit margin from 70% in H1-20 to 80% in H1-21 primarily due to greater ENGAGE contribution
- Increase in administrative expenses primarily driven by increased headcount in 2021 due to continued expansion of team.
- Increase in EBITDA loss driven by rise in administrative expenses offset by increase in gross profit



# Financial Summary – Balance Sheet

6 months ended 30 June	2021 (€)	2020 (€)	% Change
<i>Non-Current Assets</i>			
Fixed & Intangible Assets	744,480	1,301,970	-43%
<i>Current Assets</i>			
Trade & Other Receivables	610,704	301,100	+103%
Cash and cash equivalents	9,192,065	3,234,069	+184%
<i>Total Current Assets</i>	<i>9,802,769</i>	<i>3,535,169</i>	<i>+177%</i>
<b>Total Assets</b>	<b>10,547,249</b>	<b>4,837,139</b>	<b>+118%</b>
<i>Equity &amp; Reserves</i>	<i>10,195,361</i>	<i>4,605,255</i>	<i>+121%</i>
<i>Liabilities</i>			
Trade and Other Payables	312,122	182,754	+71%
Operating Lease Liability	39,766	49,130	-19%
<i>Total Liabilities</i>	<i>351,888</i>	<i>231,884</i>	<i>+52%</i>
<b>Total Equity &amp; Liabilities</b>	<b>10,547,249</b>	<b>4,837,139</b>	<b>+118%</b>

- Trade and other receivables were €611k at the period end. All balances were fully recovered post period end.
- Trade receivables represented an average of 118 debtor days (2020: 59 days)
- Cash position on 30 June was €9.2 million with no debt
- Cash balance was significantly strengthened during the period from the oversubscribed fund-raise where gross proceeds of €9.0m were raised.

# Financial Summary – Cash Flow

6 months ended 30 June	2021	2020	% Change
Adjusted loss from continuing operations	(1,298,037)	(1,132,955)	+15%
<i>Less:</i>			
Capitalised software development costs	-	(53,464)	-100%
Property, plant & equipment	(35,432)	(2,870)	+1135%
<i>Plus:</i>			
Proceeds from issuance of shares	8,457,324	2,937,872	+188%
Other	333,219	298,969	+11%
Working capital movement	(297,726)	(106,335)	+180%
<b>Net cash inflows/(outflows) in period</b>	<b>7,159,348</b>	<b>1,941,217</b>	<b>+269%</b>
Opening cash	2,032,717	1,292,852	+57%
<b>Closing cash</b>	<b>9,192,065</b>	<b>3,234,069</b>	<b>+184%</b>

# Investor Relations & Media



**Group:** VR Education Holdings Plc

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

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# Appendix



# Shares and Governance

## Board of Directors<sup>1</sup>

<b>David Whelan</b> Chief Executive Officer	Founder of VR Education, former Editor in Chief of Virtual Reality Reviewer, 10+ years in web development.
<b>Richard Cooper</b> Non – Executive Chairman	Over 25 years experience as a director of listed public companies. Currently CFO at Equals Group plc.
<b>Séamus Larrissey</b> Chief Financial Officer	Over 15 years experience in finance with prior roles at TSSG Group and with Ernst & Young.
<b>Sandra Whelan</b> Chief Operating Officer	Former Editor at Virtual Reality Reviewer with considerable experience in corporate accounts management.
<b>Tony Hanway</b> Non – Executive Director	Current CEO of Virgin Media Ireland with 20 years experience in the ICT and media sectors.
<b>Dr Harry Kloor</b> Non – Executive Director	CEO and Co-Founder of Beyond Imagination with significant expertise in the education sector.
<b>Praveen Gupta</b> Non – Executive Director	Current VP of HTC Investments and Partnerships. Previous roles include SK Telecom and Lucent/Nokia.

## Share Information

Market Cap.	£47.1m <sup>2</sup>
Shares in issue	290,101,146
Options & warrants	6,218,295

## Significant Shareholders<sup>1</sup>

HTC	16.64%
Octopus Investments Limited	15.04%
David Whelan	13.33%
Sandra Whelan	13.33%
Enterprise Ireland	6.55%
Unicorn AIM VCT Plc	6.54%
Barry Downes	4.50%
Cannacord	4.31%

1. Source: Company website

2. Source: <https://www.londonstockexchange.com/stock/VRE/vr-education-holdings-plc/company-page> – Share price of 16.25p as of 9 September 2021

# Execution | TEAM to Deliver

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**David Whelan**  
*Founder, CEO*



**Sandra Whelan**  
*Founder, COO*



**Seamus Larrissey**  
*CFO*



**Jonathan McDonald**  
*CTO, Operations Mgmt.*



**Chris Madsen**  
*Customer Success, Business Development*



**Eileen Dillon**  
*Technical Project Manager*



**David James**  
*Head of Studio*



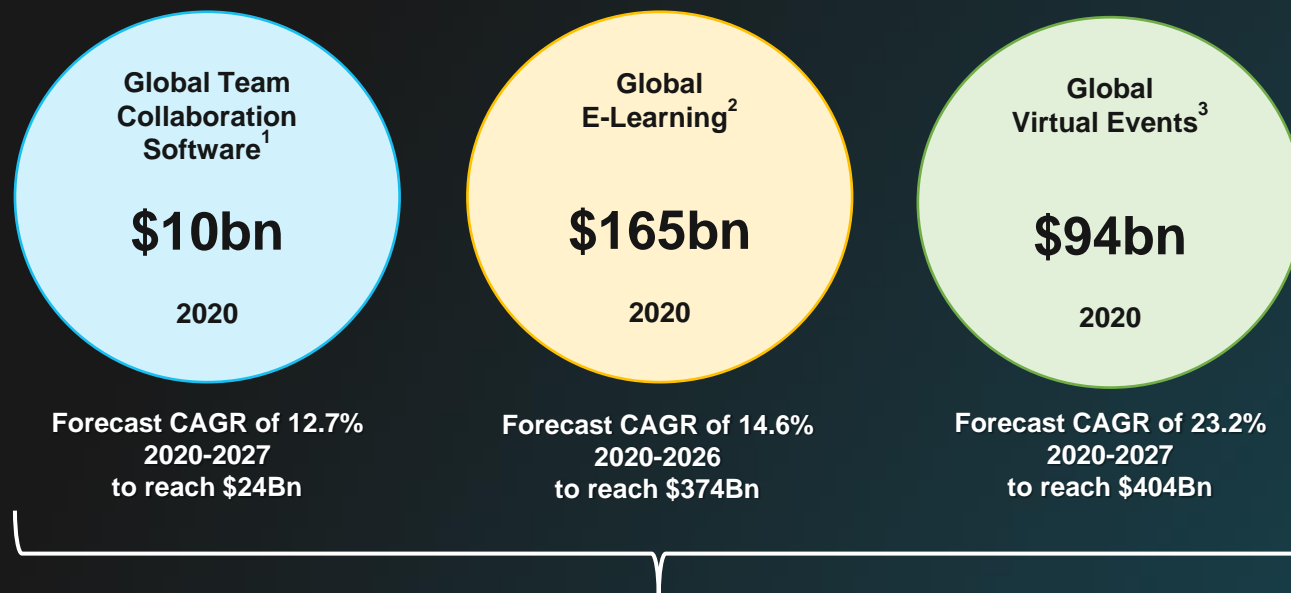
**Mike Armstrong**  
*Lead Immersive Architect*



**Juber Nunes**  
*Lead Web Architect*



# 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

Initial Target Addressable Market  
\$1bn<sup>4</sup>

Initial Target Addressable Market  
\$14bn<sup>4</sup>

Initial Target Addressable Market  
\$9.4bn<sup>4</sup>

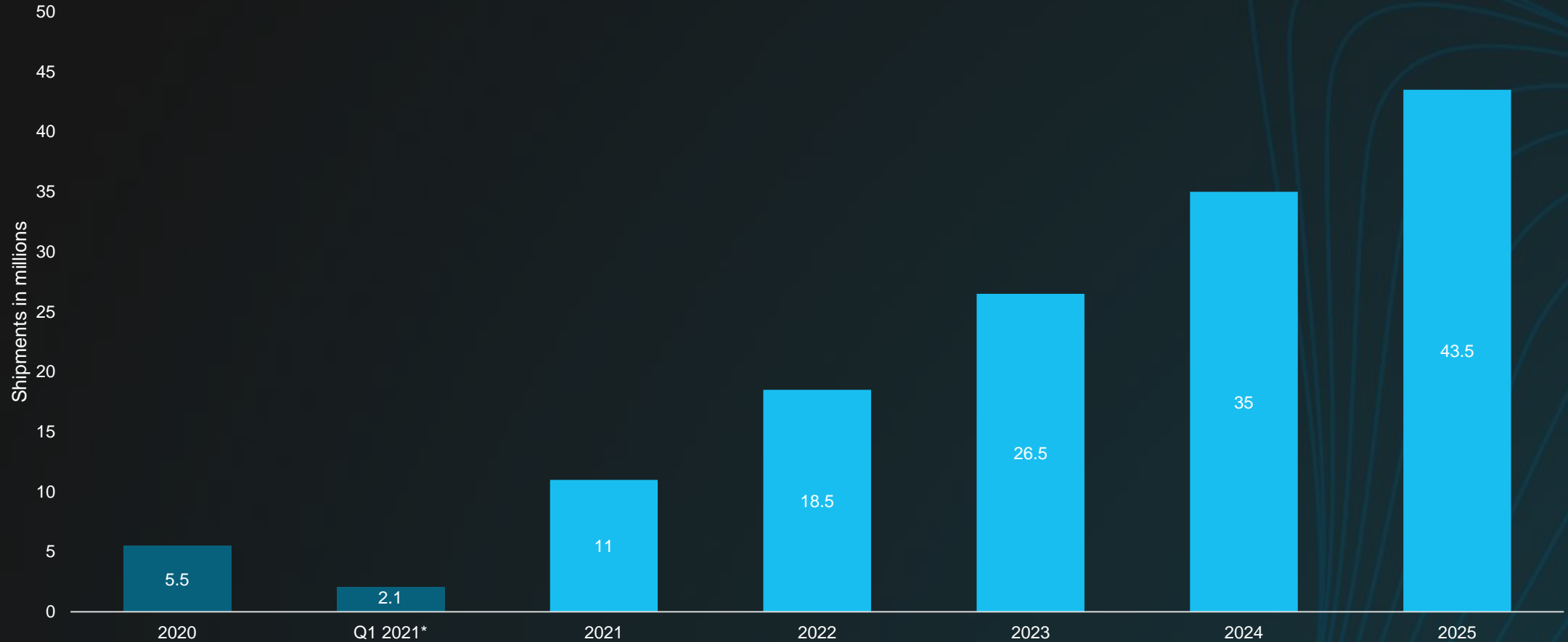
1 Grand View Research  
2 Facts & Factors  
3 Grand View Research  
4 Management Estimate

## 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 2020-2025**



Source: <https://www.statista.com/statistics/653390/worldwide-virtual-and-augmented-reality-headset-shipments/>

\* Note: Q1 2021 figures represent an estimate of sales from Quest 2 only for Q1 2021. Based on other revenue of \$732m from Facebook and an estimated cost per headset of \$350

# 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.