For immediate release **16 June 2020**

VR Education Holdings plc
(‘VR Education’ or the ‘Group’)

Final Results

VR Education (AIM: VRE; ESM: 6VR), a leading virtual reality ('VR') technology company focused on the education and virtual meeting space, today announces its audited final results for the year ended 31 December 2019 (‘FY 2019’).

Financial Highlights

- Revenue up 43% to €1.0m (FY 2018: €0.7m)
- In line with management expectations the EBITDA loss was €1.4m (FY 2018: loss of €1.5m)
- In line with management expectations the loss before tax was €1.9m (FY 2019: loss €4.9m)
- Net cash at 31 December 2019 was €1.3m with no debt. Following subscription funds from HTC post period end, net cash position is c. €3.4m
- Loss per share of €0.01 (FY 2018: €0.03)

Operational Highlights

- Continued sales of Showcase Experiences, the Group’s award-winning standalone content, with Raid on the Ruhr and Shuttle Commander launched during the year and Apollo 11 selected as a launch title for the new Oculus Quest
- ENGAGE platform selected by Facebook to become part of its ISV programme
- Commercial agreement with U.S. Space and Rocket Centre extended until 19 December 2020

Post Period End Highlights

- Partnership agreement with US-based VictoryXR, a world leader in VR and augmented reality content creation for schools and education
- HTC Vive Ecosystem Conference held virtually inside the ENGAGE platform in conjunction with HTC Corporation
- €3m 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

David Whelan, CEO of VR Education, said: “VR Education has positioned itself well in 2019 to identify and overcome many hurdles which had subdued growth to date and during the year ENGAGE became available on standalone devices such as the Oculus Quest, Pico VR and Vive Focus. The availability of standalone devices is of paramount importance to potential customers and, with these now in the market and ENGAGE being platform agnostic, I believe the Group is now well placed to become a leader in immersive communications.

“The COVID-19 pandemic has transformed the Group’s fortunes as businesses, corporations and educational institutes globally are now seeking better alternatives to video-based communications due to limitations with collaborative tasks and the drawbacks of larger group communications via video as a medium. Our recently announced strategic partnership and investment from HTC places the Group in a strong position to accelerate the global adoption of the ENGAGE platform and create value for shareholders.”

This announcement contains inside information for the purposes of Article 7 of EU Regulation 596/2014.

Analyst Meeting

A meeting for analysts hosted by David Whelan (CEO) and Séamus Larrissey (CFO) will be held at 3pm today via Zoom. Please contact Buchanan at vre@buchanan.uk.com if you would like to receive the dial in details.

Final Results Presentation

A copy of the Final Results presentation with audio commentary from the management team will shortly be available on the Company's website, http://www.vreducationholdings.com

- Ends -

For further information, please contact:

VR Education Holdings plc — Tel: +353 87 665 6708
David Whelan, CEO — contact@vreducationholdings.com
Séamus Larrissey, CFO
Sandra Whelan, COO

Cairn Financial Advisers LLP (Nominated Adviser) — Tel: +44 (0) 20 7213 0880
James Caithie / Liam Murray / Ludovico Lazzaretti

Shard Capital Partners LLP (Joint Broker) — Tel: +44 (0) 20 7186 9952
Damon Heath / Erik Woolgar

Davy (Joint Broker & Euronext Growth Advisor) — Tel: +353 1 679 6363
Fergal Meegan / Ronan Veale / Barry Murphy

Buchanan (Financial PR) — Tel: +44 (0)20 7466 5000
Henry Harrison-Topham / Chris Lane / Tilly Abraham — VRE@buchanan.uk.com

Notes to Editors

VR Education, together with its wholly owned subsidiary, is an early stage VR software and technology group based in Waterford, Ireland, dedicated to transforming the delivery methods of education and corporate training by utilising VR technologies to deliver fully immersive virtual learning experiences. The Group's core focus is the development and commercialisation of its online virtual social learning and presentation platform called ENGAGE, which provides a platform for creating, sharing and delivering proprietary and third-party VR content for educational and corporate training purposes.

In addition to the ongoing development of the ENGAGE platform, the Group has also built two downloadable showcase VR experiences, being the award-winning Apollo 11 VR experience and the Titanic VR experience.

On 12 March 2018, VR Education listed on the AIM market of the London Stock Exchange and on the Enterprise Securities Market, a market regulated by Euronext Dublin. For further information, please visit www.vreducationholdings.com.

CHAIRMAN'S STATEMENT

I am pleased to present the Annual Report and Financial Statements of VR Education Holdings PLC, a company incorporated in the Republic of Ireland, for the year ended 31 December 2019 ('FY-2019').

Overview of the year

This is the second set of Financial Statements I am proud to present to shareholders following the successful fundraising and IPO in March 2018.

Revenues in FY-2019 grew by 43% to €1.0 million (FY-2018: €0.7 million) generating a gross profit margin of 61% and gross profit of €622k (FY-2018: €476k).

Review of the business

VR Education is dedicated to transforming education globally by providing new tools to educators and corporate trainers allowing them to provide high quality, low cost content in a virtual networked social learning environment.

Following the commercial launch of the ENGAGE platform (the Group's proprietary VR education platform), in December 2018, the Group has actively developed and promoted this against technological and commercial headwinds, the latter mainly associated with Brexit in the UK. Nevertheless, the perseverance of the management team has led the Group to recently sign, among others, two partnerships with HTC Corporation and Victory XR, based in Taiwan and the US respectively.

The Group also continues to produce award winning standalone content to showcase the potential of Virtual Reality / Augmented Reality ('VR/AR') as a tool for educational purposes. The first release (Apollo 11 VR) has won multiple awards including a Time Warner award and was one of virtual reality's first big hits when it was released on the Oculus Rift and the HTC Vive back in 2016. A High Definition version of this experience was subsequently launched in November 2018. This title has generated in excess of €1.6 million in revenues since its launch to the year end, one of the few VR titles that has broken the €1.0 million revenue mark. Titanic VR and Shuttle Commander, launched in Q4 2018 and Q4 2019 respectively, continue to perform well and have together generated €0.6 million in revenues since their launch.

COVID-19

COVID-19 has had a significant impact on many companies across the globe and the Group is still feeling the effects of this. Prior to the mandated lockdown put in place in the Republic of Ireland, the Group made the prudent decision for all of its employees to work remotely to ensure their safety. This action has not had any negative effect on productivity within the Group as all our employees have remained dedicated and professional throughout this difficult period.

The global COVID-19 pandemic has generated significant demand for VR solutions and there have been high levels of interest for conferencing and collaboration tools. The ENGAGE platform is the ideal tool to meet the needs of the remote working world and the Group has been working hard since the year end to ensure the platform is available to those who want to use it.

Future developments in the business

Since the year end, the Group has largely focused on expanding its distribution of the ENGAGE platform into the US and Asian markets. A number of deals have been closed in the US with many more at varying stages in the sales cycle. Most progress has been made in the Asian market, where the HTC Vive Ecosystem Conference was held virtually inside the ENGAGE platform in conjunction with HTC Corporation ('HTC') on 19 March 2020 and the success of this event has created a significant number of further opportunities for the Group.

Following the HTC Vive Ecosystem Conference, a commercial agreement was entered into with HTC to grant them exclusive rights to resell the ENGAGE platform in Greater China on a revenue share basis, with a guaranteed minimum revenue each year for the Group from HTC. Separately, in June 2020, HTC invested €3.0 million at a €12.0 million pre-money valuation to further the development of ENGAGE and to facilitate increased sales and marketing of the platform.

Demand for the Group's VR showcase experiences, comprising Apollo 11 VR, Titanic VR and Shuttle Commander, remain in line with management's expectations with a new experience expected to launch in H2-2020.

The recent impetus in global demand for the Group’s core product coupled with a strengthening of our balance sheet following our strategic partnership with HTC, provides the Board with confidence about the Group’s prospects for FY-2020 and beyond.

Your executive directors have done an outstanding job in maturing the company, upselling its products and securing vital commercial partnerships. They have of course been greatly aided by the tireless efforts of a talented pool of staff, and I would like to extend my thanks to all of them.

Richard Cooper
Chairman

15 June 2020

CHIEF EXECUTIVE'S REVIEW

Review of the Year

2019 has allowed VR Education to identify and overcome many hurdles which had subdued growth to date. I believe the Group is now well placed to become a leader in immersive communications. The COVID-19 pandemic has transformed the Group's fortunes as businesses, corporations and educational institutes globally are now seeking better alternatives to video-based communications due to limitations with collaborative tasks and the drawbacks of larger group communications via video as a medium. Our recently announced strategic partnership with HTC will ensure that the Group has continued support for marketing, sales and business development as HTC will sell the ENGAGE platform exclusively in Greater China and non-exclusively in the rest of the world. This partnership will serve to further both companies' objectives and goals.

ENGAGE Hardware Milestone

2019 was also a transformative year for the Group as some key hardware hurdles were overcome. ENGAGE became available on standalone devices such as the Oculus Quest, Pico VR and Vive Focus. This was of critical importance as the previous two years proved that pitching a virtual training solution or communications tool to corporations using PC based equipment would not succeed as a major limiting issue for most companies is the ease of use of the VR device.

Up to recently, demos would involve setting up a PC or laptop with multiple cables before ENGAGE could be used. This often proved cumbersome for potential customers with the perception that users would need some technical knowledge to achieve a good end-user experience. During early 2019, the ENGAGE development team gained access to multiple standalone devices which allowed them to port ENGAGE to work cross- platform across all standalone devices and PC-based devices. For the first time our business developers could simply pull a headset out of their bag and place the customer into the experience with minimum fuss.

XR Finally Becoming Mainstream

In my opinion, it cannot be understated how important standalone devices are to the success of the Extended Reality "XR" industry as a whole and manufacturers like Facebook/Oculus have not been able to keep up with demand. Sales of the Oculus Quest headset have suffered from retail shortages since its release in March 2019 and continued shortages due to manufacturing issues caused by COVID-19 as many components are manufactured in China. The Facebook/Oculus headset has sold extremely well and could possibly have sold more but sales were limited to one per person at retail stores and devices were not made available to business or education users as almost all stock was diverted to retail stores for the 2019 holiday period. The impact of Covid-19 on global questioning of outsourcing manufacturing to China remains uncertain, but a wider manufacturing base is regarded by us as highly positive.

Facebook/Oculus ISV Programme

In October 2019, the Group's ENGAGE platform was selected by Facebook to become part of its ISV programme which works with enterprise developers and software companies to engage with Oculus in order to accelerate customer adoption of VR solutions built for Oculus enterprise products. As a result, following the roll-out of Oculus for Business which was scheduled for early 2020, VR Education's ENGAGE platform will, for the first time, be available via a special portal for Oculus enterprise clients to access and connect with. In addition, the Group will be one of only a few select developers who will be able to provide services using Facebook equipment as well as receiving additional support from them. This programme was originally set for release in early 2020 however due to the effect of COVID-19 on manufacturing and the limited number of devices available for enterprise users we have not seen a full deployment of this programme to date and dependent on progress by Facebook we hope it will now happen in H2-2020.

Platform Agnostic

Facebook/Oculus was not the only hardware manufacturer to release standalone devices during 2019 with HTC and Pico seeing releases of comparable headsets in mid-2019 and early 2020 respectively. The ENGAGE team worked hard to support both the HTC Vive Focus Plus and Pico Neo 2 and the platform now has parity across all devices. Being platform agnostic, ENGAGE has mitigated some of the key challenges with resourcing devices however, stock is still limited across the world as manufacturing is only starting to recommence as China's factories return to work post COVID-19 lockdown.

Showcase Experiences

During 2019 the Group continued to see strong sales of its showcase experiences Apollo 11 VR and Titanic VR on various VR platforms. In the second half of 2019 the Group released its third showcase experience on PlayStation VR named "Shuttle Commander" which puts you in control for some of the Shuttle's most famous missions.

Sales continued strongly across all platforms and the Group plans to release Shuttle Commander on PC-based VR devices and the Oculus Quest later in FY20.

In May 2019 the Group announced the signature of a deal with the US Rocket and Space Centre in Alabama for the installation of Apollo 11 VR as a ticketed exhibit. This exhibit proved immensely popular with visitors and on conclusion of a successful trial period, the Group secured a twelve month extension of this deal which was signed in December 2019.

POST YEAR END HIGHLIGHTS

COVID-19 Effect

Throughout 2019 the ENGAGE platform became more popular with educators and corporations using it for small meetings and events. The ENGAGE user base grew significantly in the latter part of 2019 as users got access to standalone devices and attended events held inside ENGAGE. In the early part of 2020, as the COVID-19 pandemic took hold in China and Italy, the president of HTC China, Alvin Wang Graylin, attended one such event being held inside the ENGAGE platform and decided to contact VR Education.

At the time, HTC had just recently cancelled its annual Vive Developer Conference, which was due to be held on the Chinese mainland in March 2020 and HTC was seeking a way to provide the event virtually without the limitations of standard video-based platforms. The ENGAGE team worked very closely with the HTC team in China for several weeks and on 19 March 2020 the complete HTC Vive Ecosystem Conference was held inside the ENGAGE platform with over one thousand attendees logged into the platform and over 1.1 million viewers watching the live stream throughout China. The HTC Vive Ecosystem Conference was a great success as ENGAGE allowed users from within China to connect with the outside world in a fully networked virtual environment with keynote speakers from Qualcomm, China Mobile, Nvidia, X Prize and HTC to name a few. Since this event, the Group has been inundated with requests for virtual events from various corporations and event groups and it is anticipated that the Group will see a growing market for this type of service in the future.

A huge number of large physical events have been cancelled due to the worldwide COVID-19 pandemic and, as a result of this continued disruption, the Group expects that the event space will evolve to a scenario where smaller groups will attend the physical event and there will be increased demand for virtual services. Further opportunity for these types of services will arise with global business travel anticipated to reduce significantly, remote worker employment to become more normalised and the ever-increasing home school market to see accelerated growth in life under COVID-19. The world has been forced online to complete simple tasks such as meetings, classes and events and people are now seeing the limitations of using current communication systems which broadcast video and audio.

Running a video conference call with more than six people is difficult as participants talk over each other quite often and users can become disengaged with the format as they sit and watch video. Running virtual meetings and events inside the ENGAGE platform is as close as you can get to real life by sitting in a virtual room with virtual people interacting in a natural way.

ENGAGE also has major benefits with very low bandwidth requirements and its spatial recording systems allowing for the replay of events as if they were happening live and allowing users to move within the recording if needed. As a comparison, an hour-long piece of content with up to 50 users all inside the ENGAGE platform being spatially recorded is only 80MB in size, whereas, an hour-long video recording from competitors like Zoom or Skype will be over 1GB for any type of quality recording.

Overall, it is the Group's strong belief that following COVID-19, the world will be a very different place with business travel becoming less common, increasing numbers of remote workers and a sharp increase in the home school market. The Group also believes the ENGAGE platform provides users with a better alternative to services like Microsoft Teams, Skye, Zoom and Adobe Connect and VR Education is now in a strong place to implement its plans, with strategic partnerships being made which place the Group in a prime position for this new era of global communications.

HTC Investment / Partnership

Due to the success of the virtual Vive Ecosystem Conference in March, HTC wanted to create a stronger relationship with VR Education and offered the Group a partnership which included not only investment but a strategic commercial agreement. HTC has been one of the global leaders in the VR hardware space over the past five years, releasing many products in the VR industry. VR Education believes that working alongside a leading VR technology Company such as HTC, achieving closer integration between teams on hardware and software development, means that the Group and the ENGAGE platform will stay ahead of the curve and its competitors when it comes to the latest in innovation and incorporating the next generation technologies.

The commercial partnership ensures that VR Education, which has primarily been a software technology company, now has sales, marketing and business development support from HTC with HTC having exclusivity in China and a non-exclusive agreement in place for the rest of the world. This agreement includes a revenue share model for revenue generated globally with a fixed minimum quarterly payment amount of €75,000 per quarter, commencing from Q1 2021.

Victory XR Content Partnership

In April 2020, VR Education and VictoryXR agreed terms of a revenue share agreement, in which VictoryXR will import its extensive content library onto the ENGAGE platform and provide its services remotely to school children across the US. VictoryXR specialises in US-based science curriculum content and virtual animal dissections, both in the VR and AR space. To date VictoryXR has created more than 240 unique VR and AR learning experiences spanning more than 50 different learning units.

Students using the ENGAGE platform will be both in physical schools and home schooled, including those whose access to traditional schooling has been impacted by COVID-19 due to lockdown. Qualified educators will run live virtual classes via ENGAGE and additional educational content produced by VictoryXR will be available for replay via the ENGAGE platform.

Future Trading and Outlook

Many different aspects have come together over the past six months to accelerate the adoption of the ENGAGE platform. Some aspects were expected and planned for. However, COVID-19 has accelerated all areas of the business in a way no one could have predicted just a few months ago.

When the Group looks at what has happened over the past six months, we see that VR mass adoption is finally starting to take place due to standalone devices becoming increasingly popular.

Telecommunications companies are also taking a vested interest in pushing XR to the masses as they seek to upsell their 4G customers to 5G subscriptions and see XR as a way to push this forward. To this end VR Education has been working with Deutsche Telekom and Qualcomm Technologies with a partnership announced in December 2019 as new devices are set to be introduced to the market soon.

The Group now has a content partner with VictoryXR in the education space and a strong strategic partnership with HTC.

The COVID-19 pandemic has caused global disruption in all walks of life and forced the world to work online. We expect companies and educational institutes will seek to drastically reduce costs post COVID-19 with physical events, workplaces and even schools becoming fully digital in the months and years to come. The Group believes the ENGAGE platform is perfectly positioned to meet the needs of this new world as the seeds which were planted over the previous three years are now starting to grow and bear fruit. We are confident for the future prospects of the Group and look forward to further updating shareholders as we progress through 2020.

David Whelan
Chief Executive Officer

15 June 2020

CHIEF FINANCIAL OFFICER'S REVIEW

I am pleased to report that revenue for the year was up 43% on the prior year from €716k to €1,024k, driven by the continued success of the showcase experiences on the PlayStation, Oculus and Steam platforms coupled with revenue generated from our newly released ENGAGE platform and our exhibition in the US Space and Rocket Center in Alabama.

EBITDA loss was €1.4 million compared to a loss of €1.5 million in the prior year, in line with management expectations.

Loss before tax was €1.9 million, in line with management expectations, compared to a loss in the prior year of €4.9 million.

Operating cashflows were a net outflow of €1.2 million for the period. The current run-rate of staff costs and other ongoing costs is approximately €250k per month.

At the balance sheet date, trade and other receivables were €205k, marginally ahead of trade and other payables at €193k. Trade receivables represented an average of 52 debtor days (2018: 92 days).

The Group's cash position at 31 December 2019 was €1.3 million with no debt. Following the receipt of subscription funds from HTC, the Group's cash position was approximately €3.4m.

Séamus Larrissey
Chief Financial Officer

15 June 2020

CONSOLIDATED STATEMENT OF TOTAL COMPREHENSIVE INCOME
for the Year Ended 31 December 2019

	Note	2019	2018
Continuing Operations		**€**	**€**
Revenue	3	1,024,148	716,345
Cost of Sales	5	(401,487)	(239,701)
Gross Profit		**622,661**	**476,644**
Administrative Expenses	5	(2,555,449)	(2,247,337)
Operating Loss		**(1,932,788)**	**(1,770,693)**
Fair value (loss)/gain arising on derivative financial liabilities	10	-	(2,638,063)
Extinguishment Costs	8	-	(267,971)
IPO Transaction Costs	9	-	(237,202)
Finance Costs	10	(6,998)	(29,977)
Loss before Income Tax		**(1,939,786)**	**(4,943,906)**
Income Tax credit	11	-	-
Total comprehensive loss for the year attributable to owners of the parent		**(1,939,786)**	**(4,943,906)**
Earnings per Share (EPS) attributable to owners of the parent			
Basic from continuing operations	12	(0.010)	(0.026)

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
at 31 December 2019

	Note	2019	2018
		€	€
Non-Current Assets			
Property, Plant & Equipment	13	115,930	59,541
Intangible Assets	14	1,433,733	956,550
		1,549,663	1,016,091
Current Assets			
Trade and other receivables	16	204,904	394,113
Cash and short-term deposits	17	1,292,852	3,485,186
		1,497,756	3,879,299
Total Assets		**3,047,419**	**4,895,391**
Equity and Liabilities			
Equity Attributable to Shareholders			
Issued share capital	18	193,136	193,136
Share premium	18	21,587,539	21,587,539
Other reserves	19	(11,287,395)	(11,314,729)
Retained earnings	20	(7,705,536)	(5,765,750)
Total Equity		**2,787,744**	**4,700,196**
Non-Current Liabilities			
Lease liabilities		34,057	-
Current Liabilities			
Trade and other payables	22	192,893	195,195
Lease liabilities		32,725	-
		225,618	195,195
Total Liabilities		**259,675**	**195,195**
Total Equity and Liabilities		**3,047,419**	**4,895,391**

The accompanying notes form an integral part of these financial statements.

COMPANY STATEMENT OF FINANCIAL POSITION
at 31 December 2019

	Note	2019 €	2018 €
Non-Current Assets			
Investment in subsidiaries	15	15,028,809	15,028,809
		15,028,809	15,028,809
Current Assets			
Trade and other receivables	16	5,353,433	5,136,849
Cash and short-term deposits	17	166,411	753,090
		5,519,844	5,889,939
Total Assets		**20,548,653**	**20,918,748**
Equity and Liabilities			
Equity Attributable to Shareholders			
Issued share capital	18	193,136	193,136
Share premium	18	21,587,539	21,587,539
Other reserves	19	(194,087)	(212,363)
Retained earnings	20	(1,173,957)	(687,587)
Total Equity		**20,412,631**	**20,880,725**
Current Liabilities			
Trade and other payables	22	136,022	38,023
Total Liabilities		**136,022**	**38,023**
Total Equity and Liabilities		**20,548,653**	**20,918,748**

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the Year Ended 31 December 2019

	Share Capital	Share Premium	Other Reserves	Retained Earnings	Total
	€	€	€	€	€
Balance at 1 January 2018	-	-	157,280	(821,844)	(664,564)
Total comprehensive income					
Loss for the year	-	-	-	(4,943,906)	(4,943,906)
Total comprehensive income	-	-	-	(4,943,906)	(4,943,906)
Transactions with owners recognised directly in equity					
Issue of ordinary shares	193,136	21,587,539	-	-	21,780,675
Share Issue Costs	-	-	(596,212)	-	(596,212)
Acquisition of a subsidiary	-	-	(11,263,644)	-	(11,263,644)
Share option expense	-	-	387,847	-	387,847
Balance at 31 December 2018	**193,136**	**21,587,539**	**(11,314,729)**	**(5,765,750)**	**4,700,196**

	Share Capital	Share Premium	Other Reserves	Retained Earnings	Total
	€	€	€	€	€
Balance at 1 January 2019	193,136	21,587,539	(11,314,729)	(5,765,750)	4,700,196
Total comprehensive income					
Loss for the year	-	-	-	(1,939,786)	(1,939,786)
Total comprehensive income	-	-	-	(1,939,786)	(1,939,786)
Transactions with owners recognised directly in equity					
Share option expense	-	-	27,334	-	27,334
Balance at 31 December 2019	**193,136**	**21,587,539**	**(11,287,395)**	**(7,705,536)**	**2,787,744**

The accompanying notes form an integral part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY
for the Year Ended 31 December 2019

	Share Capital	Share Premium	Other Reserves	Retained Earnings	Total
	€	€	€	€	€
Balance at 1 January 2018	-	-	-	-	-
Total comprehensive income					
Loss for the year	-	-	-	(687,587)	(687,587)
Total comprehensive income	-	-	-	(687,587)	(687,587)
Transactions with owners recognised directly in equity					
Issue of ordinary shares	193,136	21,587,539	-	-	21,780,675
Share Issue Costs	-	-	(596,212)	-	(596,212)
Share option expense	-	-	383,849	-	383,849
Balance at 31 December 2018	**193,136**	**21,587,539**	**(212,363)**	**(687,587)**	**20,880,725**

	Share Capital	Share Premium	Other Reserves	Retained Earnings	Total
	€	€	€	€	€
Balance at 1 January 2019	193,136	21,587,539	(212,363)	(687,587)	20,880,725
Total comprehensive income					
Loss for the year	-	-	-	(486,370)	(486,370)
Total comprehensive income	-	-	-	(486,370)	(486,370)
Transactions with owners recognised directly in equity					
Share option expense	-	-	18,276	-	18,276
Balance at 31 December 2019	**193,136**	**21,587,539**	**(194,087)**	**(1,173,957)**	**20,412,631**

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
for the Year Ended 31 December 2019

Continuing Operations	Note	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	5	81,108	49,984
Amortisation of intangible assets	5	412,976	175,300
Fair value loss/(gain) arising on derivative financial liabilities	10	-	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	10	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)
Net Cash used in Operating Activities		**(1,231,460)**	**(2,105,060)**
Cash Flows from Investing Activities			
Purchases of property, plant & equipment	13	(35,793)	(52,225)
Payments to develop Intangible Assets	14	(890,159)	(696,059)
Net cash used in investing activities		**(925,952)**	**(748,284)**
Cash Flows from Financing Activities			
Proceeds from issuance of ordinary shares		-	6,234,953
Payment of lease liabilities		(34,922)	-
Net cash generated from financing activities		**(34,922)**	**6,234,953**
Net (decrease) / increase in cash and cash equivalents		**(2,192,334)**	**3,381,609**
Cash and cash equivalents at beginning of year	17	3,485,186	103,577
Cash and cash equivalents at end of year	17	**1,292,852**	**3,485,186**

The non-cash element of extinguishment costs and non-cash element of advisor warrants in the year ended 31 December 2018 reflect the fact that the group issued warrants to loan note holders, cumulative redeemable preference shareholders and advisors as part of the acquisition of Immersive VR Education Limited and the subsequent IPO transaction.

The accompanying notes form an integral part of these financial statements.

COMPANY STATEMENT OF CASH FLOWS
for the Year Ended 31 December 2019

Continuing Operations	Note	2019 €	2018 €
Loss before income tax		(486,370)	(687,587)
Adjustments to reconcile loss before tax to net cash flows:			
Non-cash element of extinguishment costs		-	174,651
Non-cash element of advisor warrants		-	112,381
Non-cash element of redemption of redeemable shares		-	(18,750)
Finance Costs		348	276
Share Option Expense		18,276	17,518
Movement in trade & other receivables		(216,584)	(5,118,099)
Movement in trade & other payables		97,999	38,023
		(586,331)	(5,481,587)
Bank interest & other charges paid		(348)	(276)
Net Cash used in Operating Activities		**(586,679)**	**(5,481,863)**
Cash Flows from Investing Activities		-	-
Cash Flows from Financing Activities			
Redemption of redeemable shares		-	(6,250)
Proceeds from issuance of ordinary shares		-	6,234,953
Net cash generated from financing activities		-	6,228,703
Net (decrease) / increase in cash and cash equivalents		(586,679)	746,840
Cash and cash equivalents at beginning of year	17	753,090	6,250
Cash and cash equivalents at end of year	17	**166,411**	**753,090**

The non-cash element of extinguishment costs and non-cash element of advisor warrants in the year ended 31 December 2018 reflect the fact that the company issued warrants to loan note holders, cumulative redeemable preference shareholders and advisors as part of the acquisition of Immersive VR Education Limited and the subsequent IPO transaction.

The non-cash element of redemption of redeemable shares relates to the accounting treatment for the cancellation of unpaid redeemable shares during the year.

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. General Information

VR Education Holdings plc ("the Company") is publicly traded on the Alternative Investment Market ("AIM") of the London Stock Exchange and on the Euronext Growth Market ("Euronext Growth"), a market regulated by Euronext Dublin. The Company is incorporated and domiciled in the Republic of Ireland. The registered office is Unit 9, Cleaboy Business Park, Old Kilmeaden Road, Waterford and the registered number is 613330.

The Company is the parent company of Immersive VR Education Limited ("IVRE"). IVRE is incorporated and domiciled in the Republic of Ireland with the same registered office as the Company. On 12 March 2018 the Company acquired Immersive VR Education Limited and contemporaneously listed on London's AIM market and Dublin's Euronext Growth market. As part of the Admission process, the Group raised £6 million before expenses, through an oversubscribed placing of 60,000,000 new ordinary shares at a placing price of 10p each.

The Group is principally engaged in the development of the educational Virtual Reality platform 'ENGAGE. The Company also develops and sells Virtual Reality experiences for the education market.

2. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of the Financial Statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of Consolidation
The consolidated financial statements incorporate those of VR Education Holdings plc and its subsidiary Immersive VR Education Limited.

All financial statements are made up to 31 December 2019. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date on which control ceases. Control is achieved when the group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The Group re-assess whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control.

Business Combination

Acquisition of Immersive VR Education Limited
The Company entered into an agreement to acquire the entire issued share capital of Immersive VR Education Limited on 12 March 2018. The acquisition was effected by way of issue of shares. Due to the relative size of the companies, Immersive VR Education's shareholders became the majority shareholders in the enlarged capital of the Company. The transaction fell outside of IFRS 3 ("Business Combinations") and as such has been treated as a group reconstruction.

Therefore, although the Group reconstruction did not become unconditional until 12 March 2018, these consolidated financial statements are presented as if the Group structure has always been in place, including the activity from incorporation of the Group's subsidiaries.

Furthermore, as VR Education Holdings plc was incorporated on 13 October 2017, while the enlarged group began trading on 12 March 2018, the Statement of Comprehensive Income and consolidated Statement of Changes in Equity and consolidated Cash Flow Statements are presented as though the Group was in existence for the whole year. On this basis, the Directors have decided that it is appropriate the reflect the combination using merger accounting principles as the transaction falls outside the scope of IFRS 3 and as such has been treated as a Group reconstruction. No fair value adjustments have been made as a result of the combination.

Significant accounting judgements, estimates and assumptions
The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgments
In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

Capitalised development costs
In applying the requirements of IAS 38 Intangible Assets, the Group assessed various development projects against the criteria required for capitalisation. Certain projects that did not meet the criteria regarding the ability to determine whether those projects would generate sufficient future economic benefits were expensed. The judgements reflect the early stage of the VR/AR market and will change over time.

Estimates and assumptions
The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Capitalised development costs impairment review
The Group's impairment review undertaken to assess the carrying value of capitalised development costs includes certain assumptions on future revenues and costs associated with the underlying technology. Those cashflows are discounted at an appropriate discount rate. These estimates and assumptions are reviewed on an on-going basis. Changes in accounting estimates may be necessary if there are changes in the circumstances on which the estimate was based or as a result of new information or more experience. Such changes are recognised in the period in which the estimate is revised.

Derivative financial instruments
The Group has assessed in 2018 the fair value of the derivative financial liabilities arising on the conversion feature of convertible secured loan notes and the cumulative redeemable preference shares. This calculation includes assumptions on the expected period of exercise, risk free interest rate and share price volatility. The Group engaged third party valuations experts to assist them in the selection of such assumptions.

Going Concern
The financial statements are presented on a going concern basis. In forming this opinion, the Directors have considered all the information available to them. This includes management prepared forecasts, due consideration of the ability to raise funds on the open market in respect of the dual listing on the Alternative Investments Market on the London Stock Exchange and on the Enterprise Securities Market, a market regulated by Euronext Dublin and the timing as to when such funds will be received. Based on their consideration of these matters and the receipt of €3m subscription for ordinary shares from HTC on 12 June 2020 the Directors believe the Group and Company to be a going concern.

In response to the significant impact that the coronavirus pandemic is having on the global economy, that Group has reviewed the potential impact upon on its business and revenue generation. The Directors anticipate experience sales will be relatively unaffected both during and immediately after the lockdown period, however there is scope to adjust levels of expenditure in the longer term, if required.

These financial statements do not include adjustments relating to the recoverability and classification of recorded asset amounts nor to the amounts and classification of liabilities that might be necessary should the group not continue as a going concern. Thus, the Directors continue to adopt the going concern basis of accounting in preparing the financial statements.

Foreign Currency Translation

(a) Functional and Presentation Currency
Items included in the Financial Statements of the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency").

The Financial Statements are presented in euro (€), which is the Group's functional and presentation currency.

(b) Transactions and Balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within 'finance income or costs'. All other foreign exchange gains and losses are presented in the income statement within Administrative Expenses.

Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period Or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

Fair value measurement

The Group measures financial instruments such as derivatives at fair value at each balance sheet date. The Company has applied IFRS 9 for all periods presented.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability Or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods and services supplied, stated net of discounts, returns and Value-Added Taxes (VAT).

Under IFRS 15, Revenue from Contracts with Customers, five key points to recognise revenue have been assessed:
Step 1: Identify the contract(s) with a customer;
Step 2: Identify the performance obligations in the contract;
Step 3: Determine the transaction price;
Step 4: Allocate the transaction price to the performance obligations in the contract; and
Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity, and specific criteria have been met for each of the Group's activities, as described below. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Where the Group makes sales relating to a future financial period, these are deferred and recognised under 'deferred revenue' on the Statement of Financial Position. The Group currently has two revenue streams:

Firstly, the Group is primarily focused on developing proprietary educational VR content which is sold through licences. This is considered "Showcase Experience Revenue" for reporting purposes. Revenue is recognised when the license key is delivered to the customer, or when all performance obligations have been achieved.

Revenue is received net of commission from the platforms where the Group licenses their content. The gross amount of revenue is recognised in revenue with the corresponding commission portion recognised in cost of sales.

Secondly, the Group develops educational VR content on behalf of customers based on specific customer requirements. This is considered "Other Revenue" for reporting purposes. Such revenue is recognised on a percentage completion basis unless there are significant performance obligations that would require deferral until such obligations are delivered. Stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours for each contract. When the contract outcome cannot be measured reliably, revenue is recognised only to the extent that the expenses incurred are eligible to be recovered. This is generally during the early stages of development where the specifications need to pass through the customer's approval as part of the development.

The disaggregation of revenue, required under IFRS 15, has been prepared on the basis of the two revenue streams outlined above and is included in Note 3.

Government Grants
Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

Property, Plant and Equipment
All property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation on assets is calculated using the straight-line method to allocate their cost less residual value over their estimated useful lives, as follows:

Office equipment - 3 - 5 years
Furniture, fittings and equipment - 5 years
Leasehold improvements – over the life of the leased asset

Right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight line basis.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount, and are recognised in the income statement.

Intangible Assets
Research costs are expensed as they are incurred. Development costs that are directly attributable to the design and testing of identifiable and unique commercial software controlled by the Group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use and sale;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate future economic benefits;
- adequate technical, financial and other resources to complete the development and use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and subcontracted development costs.

Other development expenditure that does not meet these criteria is recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Computer software development costs recognised as assets are amortised over their estimated useful lives, which do not exceed 3 years and commences after the development is complete and the asset is available for use. Intangible assets are amortised over their estimated useful lives based on the pattern of consumption of the underlying economic benefits. Amortisation is included in Administrative Expenses.

Impairment of non-financial assets
The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in the statement of profit or loss in expense categories consistent with the function of the impaired asset.

For assets, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount.

A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years.

Trade Receivables
Trade receivables are amounts due from customers for licenses sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not they are presented as non-current assets.

Trade receivables are recognised initially at fair value, and subsequently measured at amortised cost using the effective interest method, less provision for impairment. The Group holds the trade receivables with the objective of collecting the contractual cash flows.

The Group provides for known bad debts and other accounts over a certain age in line with Group policy. The realisation of the asset may differ from the provision estimated by management.

Cash and Cash Equivalents
In the Statement of Cash Flows, cash and cash equivalents comprise cash in hand and short-term deposits. Bank overdrafts are shown within borrowings in current liabilities on the Statement of Financial Position.

Share Capital
Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Where the issuance of the new shares or options occurs in a subsequent period from when the incremental costs are incurred these costs are prepaid until the issuance takes place.

Share Based Payments
The Group has an equity settled employee incentive plan. The cost of equity settled transactions with employees is measured by reference to the fair value at the date at which they are granted and is recognised as an expense over the vesting period, which ends on the date on which the relevant employees become fully entitled to the award. Fair value is determined using an appropriate pricing model. In valuing equity-settled transactions, no account is taken of any vesting conditions, other than conditions linked to the price of the shares of the Group. No expense is recognised for awards that do not ultimately vest.

At each reporting date before vesting, the cumulative expense is calculated, representing the extent to which the vesting period has expired and management's best estimate of the achievement or otherwise of non-market conditions number of equity instruments that will ultimately vest. The movement in cumulative expense since the previous reporting date is recognised in the profit and loss within administration expenses, with a corresponding entry in the balance sheet in share options reserve.

Where the terms of an equity-settled award are modified or a new award is designated as replacing a cancelled or settled award, the cost based on the original award terms continues to be recognised over the original vesting period. In addition, an expense is recognised over the remainder of the new vesting period for the incremental fair value of any modification, based on the difference between the fair value of the original award and the fair value of the modified award, both as measured on the date of the modification. No reduction is recognised if this difference is negative. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any cost not yet recognised in the Statement of Comprehensive Income for the award is expensed immediately.

Trade Payables
Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Trade payables are recognised initially at fair value, and subsequently measured at amortised cost using the effective interest method.

Leases
The Group leases office premises and motor vehicles under rental contracts for fixed periods but may contain extension options. Lease terms are negotiated on an individual basis and contain different terms and conditions. The lease agreements entered into by the Group do not impose any covenants other than the security interests in the leased assets that are held by the lessor.

From 1 January 2019 leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments less any lease incentives receivable;
- Variable lease payments that are based on an index or a rate;
- The exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined the lessee's incremental borrowing rate is used. Lease payments are allocated between principal and finance cost. The finance charge is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Payments associated with short-term leases (12 months or less) and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss.

Borrowings
Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings, using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. To the extent that there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services, and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities, unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

Borrowing costs
General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time

to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in the income statement within finance costs in the period in which they are incurred.

Convertible Financial Instruments
Convertible financial instruments issued by the Group comprise convertible loan notes and convertible redeemable Preference Shares that can be converted to ordinary share capital at the option of the holder. The number of shares to be issued may vary with changes in their fair value.

The derivative component arising from the conversion option is recognised at fair value. The debt component is recognised initially as the difference between the fair value of the convertible financial instrument as a whole and the fair value of the derivative. Any directly attributable transaction costs are allocated against the liability.

Subsequent to initial recognition, the debt component of the convertible instrument is measured at amortised cost using the effective interest rate method. The derivative component is re-measured at fair value at each subsequent balance sheet date.

Current and Deferred Income Tax
The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised directly in equity. In this case the tax is also recognised directly in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Group operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Financial Statements. However, the deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted, or substantially enacted, by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised, or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities, and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Research and development tax credit
The Group undertakes certain research and development activities that qualify for the receipt of a research and development (R&D) tax credit from the Irish tax authorities. Such grants are

New standards, interpretations and amendments adopted by the Group and Company
The Group and Company have applied the following standards and amendments for the first time from 1 January 2019:

IFRS 16 Leases
IFRIC 23 Uncertainty over Income Tax Treatments
Annual Improvements to IFRS Standards 2015-2017 Cycle

The Group adopted all of the requirements of IFRS 16 – Leases retrospectively from 1 January 2019, but has not restated comparatives for the 2018 reporting period as permitted under the transition provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 January 2019.

On adoption of IFRS 16, the Group recognised lease liabilities in relation to leases which had previously been categorised as operating leases. These liabilities were measured at the present value of the remaining lease payments. The change in policy increased right-of-use assets and lease liabilities by €77,370.

Other than as described above, there has been no material impact on the financial statements as a result of the adoption of the new and amended standards.

The Group and Company have not applied the following new and revised IFRSs that have been issued but are not yet effective:

Amendments to references to the conceptual framework in IFRS standards – effective 1 January 2020
Amendments to IFRS 3 Business Combinations – effective 1 January 2020
Amendments to IAS 1 and IAS 8: Definition – effective 1 January 2020

The Directors believe that these new and amended standards are not expected to have a material impact on the Group and Company.

3. Segment Reporting

Revenue by Type	**2019** **€**	**2018** **€**
Showcase experience revenue	806,408	592,362
ENGAGE revenue	92,141	-
Other revenue	125,599	123,983
Total Revenue	**1,024,148**	**716,345**

4. Capital Management

For the purpose of the Company's capital management, capital includes issued capital, convertible preference shares, share premium and all other equity reserves. The primary objective of the Group's capital management is to maximise the shareholder value.

Group	2019	2018
	€	€
Lease liabilities	(66,782)	-
Trade and other payables	(192,893)	(195,194)
Less: cash and short-term deposits	1,292,852	3,485,186
Net Funds	**1,033,177**	**3,289,992**
Equity	2,787,744	4,700,196
Total Equity	**2,787,744**	**4,700,196**
Capital and net funds	**3,820,921**	**7,990,188**

5. a. Expenses by nature

	2019	2018
	€	€
Depreciation charges	81,108	49,984
Amortisation expense	412,976	175,300
Operating Lease Payments	7,709	36,839
Foreign Exchange Gain	(12,184)	(35,027)
Other Expenses	3,357,486	2,956,001
	3,847,095	**3,183,097**
Wages and salaries capitalised	(811,205)	(586,937)
Other expenses capitalised	(78,954)	(109,122)
Total cost of sales and administrative expenses	**2,956,936**	**2,487,038**

Disclosed as:

	2019	2018
Cost of sales	401,487	239,701
Administrative expenses	2,555,449	2,247,337
Total cost of sales and administrative expenses	**2,956,936**	**2,487,038**

b. Auditor Remuneration

Services provided by the Company's auditor

During the year, the Company obtained the following services from the Company's auditor:

	2019	**2018**
	€	**€**
Fees payable to the Company's auditor for the audit of the financial statements	47,509	42,173
Tax	4,213	11,688
Other – corporate finance services	-	40,776

6. Employees

Employee Benefit Expense	**2019**	**2018**
	€	**€**
Wages and salaries	1,846,750	1,380,687
Social security costs	188,440	136,910
Defined contribution pension costs	16,811	8,961
Share option expense	27,334	30,145
Capitalised employee costs	(811,205)	(586,937)
Total Employee Benefit Expense	**1,268,130**	**969,766**

Average Number of People Employed	**2019**	**2018**
Average number of people (including executive Directors) employed:		
Operations	30	22
Administration	3	3
Marketing	4	2
Total Average Headcount	**37**	**27**

7. Directors remuneration

Below is the Directors' remuneration for the year ended 31 December 2019 and for the year ended 31 December 2018

	31 December 2019			
Group	Directors' fee	Pension benefits	Options issued	Total
	€	€	€	€
Executive Directors				
David Whelan	161,500	3,025	-	164,525
Sandra Whelan	127,500	3,150	-	130,650
Séamus Larrissey	122,551	4,250	1,576	128,377
Non-executive Directors				
Richard Cooper	51,724	-	16,700	68,424
Michael Boyce	76,760	-	-	76,760
Tony Hanway	27,429	-	-	27,429
	567,464	10,425	18,276	596,165

	31 December 2018			
Group	Directors' fees	Pension benefits	Options issued	Total
	€	€	€	€
Executive Directors				
David Whelan	114,181	2,017	-	116,198
Sandra Whelan	85,807	2,100	-	87,907
Séamus Larrissey	86,500	2,833	4,779	94,112
Non-executive Directors				
Richard Cooper	96,077	-	13,917	109,994
Michael Boyce	37,143	-	-	37,143
Tony Hanway	23,807	-	-	23,807
At 31 December 2018	443,515	6,950	18,696	469,191

The options issued are a non-cash amount and are accounted for in line with the treatment of the other share options issued to employees under IFRS 2**.** Further notes on Share Based Payments are included in Note 21.

During the year ended 31 December 2018, Richard Cooper received a fee in relation to the IPO transaction of £50,000.

During the year ended 31 December 2019, Michael Boyce received a fee in relation to consultancy services provided to the Company, separate to his role as a Non-Executive Director, of £43,549 (2018: £12,031).

8. Extinguishment Costs

	2019	2018
	€	€
Legal and professional fees paid on behalf of redeemable secured loan note holders and cumulative redeemable preference shares holders	-	51,500
Monitoring fee and interest paid post conversion	-	41,820
Warrant costs	-	174,651
Total Extinguishment Costs	**-**	**267,971**

As part of the reorganisation process which occurred prior to the IPO in 2018 all loan note holders and cumulative redeemable preference share note holders converted their holdings into ordinary shares. During this process the Group agreed to pay:

- all interest that would have accrued on these loan notes for the 12-month period from the date of Admission had such loan notes remained in issue.

- all monitoring fees that would have accrued for the 12-month period from the date of Admission had such agreements not been terminated.

The group also issued warrants to the loan note holders and cumulative redeemable preference shareholders over such number of new Ordinary Shares in the Company as is equal to 3 per cent. of the issued Ordinary Shares at Admission, exercisable at a 50 per cent. premium to the Issue Price expiring 36 months from Admission.

9. IPO Transaction Costs

	2019	2018
	€	€
Legal and professional fees	-	237,202
Total IPO Transaction Costs	**-**	**237,202**
Included in Other Reserves	**-**	**596,212**

The transaction costs relate to the admission of the Group to the AIM market of the London Stock Exchange and the Euronext Growth market of Euronext Dublin on 12 March 2018.

10. Finance Costs

	2019	2018
	€	€
Interest expense:		
- Interest payable on convertible loan notes	-	27,105
- Dividend on redeemable convertible preference shares	-	1,356
- Lease interest	4,988	-
- Bank charges	2,010	1,516
Total finance costs	**6,998**	**29,977**
Fair value (loss) / gain on derivative financial liability	**-**	**(2,638,063)**

The fair value loss on derivative financial liabilities arose in 2018 from the conversion of convertible debt and preference shares to ordinary equity in Immersive VR Education Limited prior to its acquisition by the Group.

11. Income Tax

	2019	2018
	€	**€**
Current tax:		
Current tax on loss for the year	-	-
Total current tax	-	**-**
Deferred tax (Note 23)	**-**	**-**
Income Tax	**-**	**-**

The tax assessed for the year differs from that calculated using the standard rate of corporation tax in Ireland (12.5%). The differences are explained below:

	2019	2018
	€	**€**
Loss Before Tax	(1,939,786)	(4,943,906)
Tax calculated at domestic tax rates applicable to loss in Ireland of 12.5%	(242,473)	(617,988)
Tax effects of:		
- Depreciation in excess of capital allowances	7,364	4,033
- Expenses not deductible for tax purposes	45,449	406,488
- Tax losses for which no deferred tax asset was recognised	189,660	207,467
Total tax	-	**-**

12. Earnings per share (EPS)

	2019	2018
Loss attributable to equity holders of the Group:	**€**	**€**
Continuing Operations	(1,939,786)	(4,943,906)
Weighted average number of shares for Basic EPS	193,136,406	193,136,406
Basic loss per share from continuing operations	(0.010)	(0.026)

13. Property, Plant & Equipment

Group	Leasehold improvements	Fixtures, fittings and equipment	Office Equipment	Right of use assets	Total
	€	€	€	€	€
Cost of Valuation					
At 1 January 2018	15,601	5,610	84,168	-	105,379
Additions	4,740	1,415	46,070	-	52,225
At 31 December 2018	20,341	7,025	130,238	-	157,604
IFRS 16 Adjustment	-	-	-	118,820	118,820
Additions	-	-	35,793	26,882	62,675
At 31 December 2019	20,341	7,025	166,031	145,702	339,099
Depreciation					
At 1 January 2018	3,284	2,127	42,668	-	48,079
Charge (note 5)	4,607	1,405	43,972	-	49,984
At 31 December 2018	7,891	3,532	86,640	-	98,063
IFRS 16 Adjustment	-	-	-	43,998	43,998
Charge (note 5)	4,607	1,405	40,175	34,921	81,108
At 31 December 2019	12,498	4,937	126,815	78,919	223,169
Net Book Amount					
At 31 December 2018	12,450	3,493	43,598	-	59,541
At 31 December 2019	**7,843**	**2,088**	**39,216**	**66,783**	**115,930**

Depreciation expense of €81,108 (2018: €49,984) has been charged in 'Administrative Expenses'.

14. Intangible Assets

Group	Software in development costs	Total
	€	€
Cost		
At 1 January 2018	435,791	435,791
Additions	696,059	696,059
At 31 December 2018	1,131,850	1,131,850
Additions	890,159	890,159
At 31 December 2019	2,022,009	2,022,009
Amortisation		
At 1 January 2018	-	-
Charge	175,300	175,300
At 31 December 2018	175,300	175,300
Charge	412,976	412,976
At 31 December 2019	588,276	588,276
Net Book Value		
At 31 December 2018	956,550	956,550
At 31 December 2019	**1,433,733**	**1,433,733**

The software being developed relates to the creation of virtual reality experiences and an online virtual learning and corporate training platform.

ENGAGE is an online virtual learning and corporate training platform currently in development by the Company. A desktop version was released in December 2018 and the mobile version was released in December 2019. Amortisation commenced when the mobile version launched.

Titanic VR which is available for sale across all major VR capable platforms since November 2018 has commenced being amortised in the period. Raid on the Ruhr launched during 2019 and amortisation commenced during the period. Space Shuttle was developed during 2019 remains in development for the Oculus Quest and PC platforms at 31 December 2019. Amortisation will commence when Space Shuttle is launched on Oculus Quest and PC in H1 2020.

Amortisation expense of €412,976 (2018: €175,300) has been charged in 'Administrative Expenses'.

An impairment review was carried out at the balance sheet date. No impairment arose.

15. Investments in Subsidiaries

Company	€
At 1 January 2018	-
Additions	15,028,809
At 31 December 2018	**15,028,809**
Additions	-
At 31 December 2019	**15,028,809**

Investments in subsidiaries are recorded at cost, which is the fair value of the consideration paid.

On 12 March 2018, the Company has acquired all of the issued capital of Immersive VR Education Limited for a consideration of €15,000,000 which was settled by issuing 133,089,739 Ordinary Shares in the Company. The Company incurred expenses totalling €28,809 as part of the transaction.

Name	**Country of incorporation and residence**	**Nature of business**	**Proportion of equity shares held by the company**
Immersive VR Education Limited	Ireland	Virtual Reality Technology	100%

This subsidiary undertaking is included in the consolidation. The proportion of the voting rights in the subsidiary undertaking held directly by the Parent Company does not differ from the proportion of ordinary shares held.

16. Trade and Other Receivables

	Group		Company	
	2019	2018	2019	2018
	€	€	€	€
Trade receivables	146,649	180,129	-	-
Less: provision for impairment of receivables	-	-	-	-
Trade receivables - net	146,649	180,129	-	-
Amounts due from related parties	-	-	5,337,389	5,058,589
Prepayments	53,047	178,650	16,044	53,062
Other debtors	3,775	4,991	-	-
VAT	1,433	30,343	-	25,198
	204,904	394,113	5,353,433	5,136,849

As at 31 December 2019, trade receivables of €146,649 (2018: €180,129) were fully performing and deemed fully recoverable. No bad debt provision charge was incurred during 2019 (2018: €Nil).

The carrying amounts of the Company's trade and other receivables are denominated in the following currencies:

	Group		Company	
	2019	2018	2019	2018
	€	€	€	€
Euro - Neither past due nor impaired	35,828	53,028	-	-
Dollar - Neither past due nor impaired	110,821	127,101	-	-
	146,649	180,129	-	-

17. Cash and short-term deposits

	Group		Company	
	2019	2018	2019	2018
	€	€	€	€
Cash at bank and on hand	1,292,852	3,485,186	166,411	753,090
	1,292,852	3,485,186	166,411	753,090

18. Issued Share Capital and Premium

	Number of shares	Ordinary shares €	Share premium €	Total €
At 1 January 2018	1	-	-	-
Shares issued as consideration for reverse merger	133,089,739	133,090	14,866,910	15,000,000
Ordinary Shares Issued	60,046,666	60,046	6,720,629	6,780,675
At 31 December 2018 and at 31 December 2019	193,136,406	193,136	21,587,539	21,780,675

On 12 March 2018 the Company acquired Immersive VR Education Ltd for a purchase price of €15 million through the issue 133,089,739 new ordinary shares of €0.001 and became the legal parent of the Group. On 12 March 2018 the Company listed on London's AIM market and Dublin's Euronext Growth market. As part of the Admission process, the Group raised £6 million (€6,772,773) before expenses, through an oversubscribed placing of 60,000,000 new ordinary shares at a placing price of £0.10 (€0.1127) per share.

19. Other Reserves

	Group €	Company €
At 1 January 2018	157,280	-
Share issue costs	(596,212)	(596,212)
Acquisition of a subsidiary	(11,263,644)	-
Share option expense	387,847	383,849
At 31 December 2018	(11,314,729)	(212,363)
At 1 January 2019	(11,314,729)	(212,363)
Share option expense	27,334	18,276
At 31 December 2019	11,287,395	194,087

20. Retained Earnings

	Group €	Company €
At 1 January 2018	(821,844)	-
Loss for the year	(4,943,906)	(687,587)
At 31 December 2018	(5,765,750)	(687,587)
At 1 January 2019	(5,765,750)	(687,587)
Loss for the year	(1,939,786)	(486,370)
At 31 December 2019	(7,705,536)	(1,173,957)

21. Share Based Payments

During the year ended 31 December 2018, VR Education Holdings plc introduced a share-based payment scheme for employee remuneration ("the 2018 Scheme") to replace the scheme previously in operation within Immersive VR Education Limited ("the 2016 Scheme"). The 2018 Scheme and the 2016 schemes are classified equity settled share based payment plans. Recipients under the scheme are awarded options over ordinary shares of the Company.

On 12 March 2018, the options under the 2016 Scheme were cancelled as part of the Capital Restructure and Listing process and replaced with options under the 2018 Scheme under the equivalent terms and conditions as the 2016 scheme, and a stock split which gave rise to the issue of 740 shares for every 1 share held. The options granted under the 2016 Scheme had vesting periods of up to 36 months. The replacement of the options did not give rise to any additional income statement expense in 2018.

There were 133,089 (2018: 311,108) employee options granted during 2019 at an exercise price of €0.10 (2018: €0.135) per share and these vest subject to continued service by the employee over a period of 3 years. Options expire at the end of a period of 7 years from the Grant Date or on the date on which the option holder ceases to be an employee.

<u>Share-based payment expense with Director</u>

On 12 March 2018, VR Education Holdings plc granted options to purchase 1m ordinary shares to Richard Cooper, the Chairman of the Company. The options vest if the market capitalisation of the Company equals 2.5 times the market capitalisation on admission to listing for a consecutive period of 30 days. Except in the event of a change in control (see below) the options, which are exercisable at a price of £0.0001, cannot be exercised for a period of two years and expire on 12 March 2023. The market capitalisation requirement is a "market condition" under IFRS 2 and the valuation of the option, which amounted to €0.668, takes this market condition into account.

In the event of a change in control, in the two years after admission to listing, the options are exercisable at prices ranging from £0.0001 to £0.10. The change in control scenarios gave rise to option values of €0.018 - €0.112.

The movement in employee share options and weighted average exercise prices are as follows for the reporting periods presented:

	2018 Scheme		**2016 Scheme**	
	2019	2018	2019	2018
At 1 January	4,425,028	-	-	4,208
Capital restructure and Listing process	-	3,113,920	-	(4,208)
Granted during period	133,089	1,311,108	-	-
Forfeited during period	(92,591)	-	-	-
At 31 December	4,465,526	4,425,028	-	-
Options outstanding at 31 December				
Number of shares	4,465,526	4,425,028	-	-
Weighted average remaining contractual life	2.79 years	3.75 years		
Weighted average exercise price per share	€0.028	€0.028		
Range of exercise price	€0.0001 – €0.135	€0.0001- €0.135		
Exercisable at 31 December				
Number of shares	2,658,450	1,997,556		
Weighted average exercise price per share	€0.028	€0.026		

No options were exercised during the period. The weighted average exercise price of options granted during the period was €0.11 (2018: €0.032). The expense recognised in respect of employee share based payment expense and credited to the share based payment reserve in equity was €27,334 (2018: €30,144).

Advisor Warrants

During 2018, as part of the listing process and as set out in the admission document, the Company issued warrants over 5,018,328 shares at an exercise price of £0.15, subject to expiry on various dates up to 12 March 2023. The warrants were valued under the Black Scholes model. The expense recognised during the period was €Nil (2018: €162,871).

Investor Warrants

During 2018, as part of the arrangements for the listing process and as set out in the admission document, the Company issued warrants over 5,794,092 shares at an exercise price of £0.15, subject to expiry on 12 March 2023. The warrants were valued under the Black Scholes model. An expense of €Nil (2018: €174,651) was recognised in the income statement during the period.

The Company has measured the fair value of the services received as consideration for equity instruments of the Company, indirectly by reference to the fair value of the equity instruments. The table below sets out the options and warrants that were issued during the period and the principal assumptions used in the valuation.

	Employee
Number of options / warrants	133,089
Grant date	1 Jan 2019
Vesting period	3 years
Share price at date of grant	£0.11
Exercise price	€0.1127
Volatility	57%
Option life	7 years
Dividend yield	0%
Risk free investment rate	0.14%
Fair value per option at grant date	€0.071
Weighted average remaining contractual life in years	6.0

22. Trade and Other Payables

		Group		Company
	2019	2018	2019	2018
	€	€	€	€
Trade Payables	25,709	28,263	10,109	9,169
PAYE/PRSI	45,739	46,923	13,276	16,362
VAT	-	-	101,126	-
Accrued Expenses	121,445	120,009	11,511	12,492
	192,893	195,195	136,022	38,023

Terms and conditions of the above financial liabilities:

- Trade payables are non-interest bearing and are normally settled on 30-day terms
- PAYE/PRSI payables are non-interest bearing and are normally settled on 30-day terms
- VAT payables are non-interest bearing and are normally settled on 60-day terms
- Accrued expenses are non-interest bearing are settled over varying terms throughout the year

23. Deferred Tax

Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable. The Company did not recognise deferred income tax assets of €556,688 (2018: €410,683) in respect of losses and depreciation in excess of capital allowances amounting to €4,453,504 (2018: €3,285,467) that can be carried forward against future taxable income.

24. Related Parties

During the year the Directors received the following emoluments:

		Group		Company
	2019	2018	2019	2018
Directors	€	€	€	€
Aggregate emoluments	549,181	450,465	549,181	406,787
Share option expense	18,276	18,696	18,276	18,696
	567,457	469,161	567,457	425,483

Included in the above is an amount of €51,516 (2018: €96,077) paid to Luclem Estates and Advisory Limited, a company in which Richard Cooper, a director of the Company, is also a director. These fees relate to Richard Cooper's consultancy services to the Company. As at 31 December 2019 €Nil was outstanding.

25. Events after the reporting date

On 12 June 2020, the Company issued 48,284,102 ordinary shares at a €0.0621 (£0.0547) per share to HTC Corporation raising €3,000,000 before costs are deducted. The proceeds will be primarily used to further develop and enhance the Company's proprietary ENGAGE platform and build out its sales and marketing capability. The proceeds will also be used to a lesser extent to produce additional showcase experiences which support the uptake of the ENGAGE platform and clearly demonstrate its potential.

The assessment of the COVID-19 pandemic will need continued attention and will evolve over time. COVID-19 is considered to be a non-adjusting post statement of financial position event and no adjustment is made or required in these financial statements as a result. The development and duration of the COVID-19 pandemic make it difficult to predict the ultimate impact on the Group and Company at this stage. This will have some implications for the operations of the Group and Company in the future however the Directors consider the impact will be minimal. Management will continue to assess the impact of COVID-19 on the Group and Company, however, it is not possible to quantify the impact at this stage.

26. Ultimate controlling party

The Directors believe that there is no ultimate controlling party as no one shareholder has control of the Company.

- Ends -