For immediate release **23 September 2019**

VR Education Holdings plc

('VR Education' or the 'Group')

Interim Results

VR Education (AIM: VRE; ESM: 6VR), a leading virtual reality ('VR') technology company focused on the education space, today announces its interim results for the six months ended 30 June 2019 (the 'Period' or 'H1 2019').

Financial Highlights

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

Operational Highlights

- Commercial deals entered into with a number of parties on the ENGAGE platform
- Apollo 11 VR educational experience selected to be part of the launch collection for Oculus Quest, Oculus' new all-in-one VR headset
- Commercial agreement entered into with U.S. Space and Rocket Center in Huntsville, Alabama, one of the top aviation and aerospace museums in the USA and Alabama's top paid-for tourist attraction, for use of the Group's Apollo 11 VR experience in a major new attraction to celebrate the 50th anniversary of the moon landing

David Whelan, CEO of VR Education, said: "With an acceleration in revenue growth from the Group's experiences and with the release of new consumer-focused XR (encompassing virtual reality, augmented reality and mixed reality) standalone devices such as the Oculus Quest and HTC Vive Focus this year, VRE is now starting to see increased traction of its ENGAGE platform in the US and Asia.

We have always had a global outlook for our products and the technology they run-on, and with Brexit uncertainty we have concluded that our success in US and Asian markets will receive greater focus than the UK market. We are already receiving an increasing number of requests from American and Asian corporate customers to work with them to produce content for VR training programmes. Indeed, we are both focused and geared-up to aim for this marketplace.

In May 2019, the Group signed a revenue share agreement with the U.S. Space and Rocket Center, one of the top aviation and aerospace museums in the USA and this has generated significant monthly revenue starting late Q2 2019. The Group's outlook is positive as it seeks to grow the ENGAGE platform revenues while reducing its reliance on showcase experiences in the future."

Investor and Analyst Meeting

A meeting for analysts will be held at 11.00 a.m. today at the offices of Buchanan, 107 Cheapside, London EC2V 6DN. A copy of the Interim Results presentation is available at the Company's website, http://www.vreducationholdings.com

An audio webcast of the analysts' meeting will be available later today: https://webcasting.buchanan.uk.com/broadcast/5d7f44131e79456d8fcc52bb

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

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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.

Chief Executive's Review

I am pleased to report VR Education's interim results for the six-month period ended 30 June 2019 (the 'Period' or 'H1 2019').

H1 2019 has been a period of steady growth, progress and learning. H1 2019 revenues increased by 66% to €497k, largely driven by the ongoing success of the Group's previously released showcase experiences such as Apollo 11 VR and Titanic VR, which have sold well on a range of different platforms.

The increasing demand for the Group's showcase experiences is in line with the steady increase in adoption rates of VR, AR (augmented reality) and XR (cross reality) technologies as they become more mainstream. Apollo 11 VR was selected as a launch title on the Oculus Quest headset and demand for the title has been in line with expectations. HTC, the manufacturer of the Vive Focus standalone headset which is focused on the education and enterprise markets, continues to increase its presence in the EU and Asia.

ENGAGE

ENGAGE continues to grow and develop and, in June 2019, the Group completed the development of the stand-alone version of the platform for the Oculus Quest, which is now available to download via the Group's website. The Group is now completing work on delivering ENGAGE on HTC's standalone headset, the Vive Focus, which is focused on the education and enterprise markets, and continues to work closely with HTC as it increases its presence in the EU and Asian markets, to work together to deliver competitive and compelling offerings.

The commercialisation of ENGAGE has started with the signing of its first commercial clients since its release during the Christmas period in 2018, including an agreement with D'Carrick Co. Ltd. in South Korea in May 2019. In the current climate, however, the UK market spending on new technology in the education and training sectors has significantly reduced and, accordingly, the Group has moved its UK business development and marketing presence to refocus its efforts on the US and Asian markets, where there is early traction with the adoption of the ENGAGE platform. The Group will maintain a reduced UK business development department to ensure that it remains well placed for when demand increases in the UK market. This refocusing has resulted in a small shortfall in early revenue for the platform, however the Group is confident that it can make up this shortfall with commercial deals during the second half of the year. Progress is accelerating at present with much of this new interest coming from the release of the Quest version and a closer working relationship with HTC.

Showcase experiences

In May 2019 the Group announced the signing of a commercial agreement with the US Rocket and Space Center in Huntsville, Alabama, to display its Apollo 11 VR showcase as an add-on experience to visitors at the centre. Since its installation this showcase has been well received with solid ticket sales of which the Group receives a significant proportion of the revenue generated. The Group believes that this type of commercial agreement can be replicated elsewhere, and it continues to have ongoing discussions with a number of other large museums and institutions about its software library.

VRE anticipates that in Q4 2019 it will release this year's large VR showcase experience called 'Shuttle Commander', which will be made available initially on PlayStation's VR headset, a platform with a user base of more than 4.2 million users. PlayStation's VR headset has by far the largest addressable market for such VR experiences and its store has been where a significant proportion of the Group's revenues to date have been generated. The Group's existing VR showcase experiences, Apollo 11 VR and Titanic VR, performed well on this platform generating significant revenues in the first quarter of their initial releases on PlayStation and the Board expects 'Shuttle Commander' to appeal to the same demographic.

'Shuttle Commander' will allow users to take part in the Hubble Space Telescope missions first hand with accurate recreations of the space missions, shuttle cockpit and Hubble Space Telescope. Users will get to join the crew on the space shuttle missions and assist in the deployment and servicing of the Hubble Space Telescope. They will also get to experience how this remarkable apparatus changed our understanding of the universe around us through science visualisation segments, based on actual data discovered by the Hubble Space Telescope over the past three decades. Additionally, users will get to fly the space shuttle in an accurate physics-based landing simulation and take control of the Canada Arm in space as they witness the Earth pass below during a full day/night cycle.

Current trading and outlook

It is pleasing to see that the Group's showcase experiences continue to generate revenues which are significantly increased on H1 2018. In addition, the Group's commercialisation of its ENGAGE platform is also gaining momentum, mainly in the US and Asian markets. While the Group has had a challenging time in the UK, it has taken decisive steps to resolve this matter and push forward its goal of widespread adoption of VR technologies for education and training. It is early days for this new medium, however VRE is well-placed with a compelling software offering for those who wish to push the boundaries of learning and personal development.

We believe 2020 is poised for substantial growth in the VR market with new hardware manufacturers coming into this space. We are receiving an increasing number of requests from potential corporate customers to work with them to produce content for VR training programmes. The Group continues to work tirelessly to address these new opportunities and aims to lead the way during 2020 and beyond.

David Whelan
Chief Executive Officer
23 September 2019

Financial Review

Revenue for the half year is up 66% on the prior half year to €497k (H1 2018: €300k), driven by the continued success of the Apollo 11 VR and Titanic VR experiences, revenue from commercial agreements entered into on the ENGAGE platform and early stage revenue from the commercial agreement entered into with the US Space and Rocket Center.

EBITDA loss was €0.9m comparable to the prior year period (H1 2018: loss of €0.9m). The primary cost driver for the EBITDA loss is salary and associated costs, currently approximately €0.2m per month.

Loss before tax was €1.2m, in line with management expectations, compared to a loss in the prior year of €4.1m which was driven by the inclusion of a non-cash fair value loss arising on derivative financial liabilities of €2.6m and extinguishment costs of €0.3m.

Operating cashflows after €0.5m of capex were a net outflow of €1.2m for the period. The current cash burn rate, net of revenue received, is approximately €0.2m per month.

At 30 June 2019, the Group had a strong cash position with net cash of €2.2m. The Group's cash position as at 20 September 2019 stood at €1.9m.

Séamus Larrissey
Chief Financial Officer
23 September 2019

Consolidated Statement of Comprehensive Income
For the six months ended 30 June 2019

	Note	**Unaudited Six months ended 30 June 2019 €**	Unaudited Six months ended 30 June 2018 €
Continuing Operations			
Revenue		**497,362**	300,110
Cost of Sales		**(217,699)**	(95,749)
Gross Profit		**279,663**	204,361
Administrative Expenses		**(1,448,633)**	(1,400,165)
Operating Loss		**(1,168,970)**	(1,195,804)
Fair value (loss) / gain arising on derivatives financial liabilities		**-**	(2,638,063)
Extinguishment Costs		**-**	(267,971)
Finance Costs		**(3,597)**	(29,086)
Loss before Income Tax		**(1,172,567)**	(4,130,924)
Income Tax Credit		**-**	-
Loss for the Year from continuing operations		**(1,172,567)**	(4,130,924)
Loss per share			
Basic from continuing operations	**4**	**(0.01)**	(0.02)

Consolidated Statement of Financial Position
As at 30 June 2019

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

Consolidated Statement of Changes in Equity
At 30 June 2019

	Attributable to Equity Shareholders				
	Share Capital €	Share Premium €	Other Reserves €	Retained Earnings €	Total €
Balance at 1 January 2018	-	-	-	-	-
Loss for the period	-	-	-	(4,130,924)	(4,130,924)
Issue of ordinary shares	193,136	21,587,539	-	-	21,780,675
Issue costs	-	-	-	(596,212)	(596,212)
Acquisition of subsidiary	-	-	(11,106,184)	(821,844)	(11,908,028)
Share option expense	-	-	352,424	-	352,424
Balance at 30 June 2018	193,136	21,587,539	(10,733,760)	(5,548,980)	5,497,935

	Attributable to Equity Shareholders				
	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
Loss for the period	-	-	-	(1,172,567)	(1,172,567)
Share option expense	-	-	13,827	-	13,827
Balance at 30 June 2019	193,136	21,587,539	(11,300,902)	(6,938,317)	3,541,456

Consolidated Statement of Cash Flows
For six month period ended 30 June 2019

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

Notes to the Interim Report

1. Basis of Preparation

The consolidated interim financial statements have been prepared in accordance with the recognition and measurement principles of International Financial Reporting Standards as endorsed by the European Union ("IFRS") and expected to be effective at the year-end of 31 December 2019.

The accounting policies are unchanged from the financial statements for the year ended 31 December 2018. The interim financial statements are unaudited and do not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006. Statutory accounts for the year ended 31 December 2018, prepared in accordance with IFRS, have been filed with the Companies Registration Office. The Auditors' Report on these accounts was unqualified, did not include any matters to which the Auditors drew attention by way of emphasis without qualifying their report and did not contain any statements under section 498 of the Companies Act 2006.

The consolidated interim financial statements are for the 6 months to 30 June 2019.

The interim consolidated financial information does not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2018, which were prepared in accordance with IFRS's as adopted by the European Union.

2. Summary of Significant Accounting Policies

New standards, interpretations and amendments adopted by the Company

The following standards and amendments have been adopted for the first time in these financial statements:

Leases

Effective from 1 January 2019, the Group adopted IFRS 16 - Leases ('IFRS 16'), which replaces IAS 17 - Leases and related interpretations.

The Group elected to apply the modified retrospective approach which does not require restatement of comparative periods. As a result, lease liabilities were recognised in the opening consolidated balance sheet as at 1 January 2019 at an amount equal to the Group's remaining lease payments discounted using the Group's incremental borrowing rate.

On 1 January 2019, the Group recognised lease liabilities of €77,425.

Under IFRS 16, the Group accretes interest on its lease liabilities. As at 30 June 2019, the carrying value of these lease liabilities amounted to €80,240, with €35,718 of this balance shown as short-term lease liabilities and the remaining portion of €44,522 reflected under non-current liabilities.

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 Company 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'.

2. Intangible Assets

	Software in development Costs	**Total**
	€	**€**
Cost or Valuation		
At 1 January 2019	1,131,850	1,131,850
Additions	480,484	480,484
At 30 June 2019	1,612,334	1,612,334
Amortisation		
At 1 January 2019	175,300	175,300
Charge	231,807	231,807
At 30 June 2019	407,107	407,107
At 30 June 2019	1,205,227	1,205,227
At 31 December 2018	956,550	956,550

The software being developed relates to the creation of three 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 a mobile version is expected to be released in Q3 2019. Amortisation will commence once the mobile version is launched.

The three virtual reality experiences are at various stages in their development cycles. Once the experience is launched on the major VR capable platforms amortisation commences.

Amortisation expense of €231,807 (H1 2018: €Nil) has been charged in 'Administrative Expenses'. An impairment review was carried out at the balance sheet date. No impairment arose.

3. Share Based Payments

Share-based payment schemes with employees

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 the 12 March 2018, the options under the 2016 Scheme were cancelled 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.

Share-based payment expense with Director

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	
	Half-Year 2019	Half-Year 2018	Half-Year 2019	Half-Year 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 30 June	4,465,526	4,425,028	-	-
Options outstanding at 30 June				
Number of shares	4,465,526	4,425,028	-	-
Weighted average remaining contractual life	3.30 years	4.25 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 30 June				
Number of shares	2,438,152	1,101,120		
Weighted average exercise price per share	€0.026	€0.026		

No options were exercised during the period. The weighted average exercise price of options granted during the period was €0.01 (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 €13,827 (2018: €9,334)

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	**Director**	**Advisor**	**Investor**
Number of options / warrants	311,108	1,000,000	5,018,328	5,794,092
Grant date	26 Apr 18	12 Mar 18	12 Mar 18	12 Mar 18
Vesting period	3 years	2 years	-	-
Share price at date of grant	£0.11	£0.10	£0.10	£0.10
Exercise price	€0.135	£0.001-£0.10	£0.15	£0.15
Volatility	57%	54.4-59.2%	54.4-57.3%	57.3%
Option life	7 years	5 years	22 months – 5 years	3 years
Dividend yield	0%	0%	0%	0%
Risk free investment rate	0.14%	0.5-1.16%	0.8-1.16%	0.87%
Fair value per option at grant date	€0.058	€0.018-€0.112	€0.018-€0.030	€0.030
Weighted average remaining contractual life in years	5.8	3.7	2.2	1.7

4. Loss per share

	Unaudited Six months ended 30 June 2019	Unaudited Six months ended 30 June 2018
Loss attributable to equity holders of the Group:	**€**	€
Continuing Operations	**(1,172,567)**	(4,130,924)
Weighted average number of shares for Basic EPS	**193,136,406**	193,136,406
Basic loss per share from continuing operations	**(0.01)**	(0.02)

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