For immediate release **10 September 2020**

VR Education Holdings plc

(‘VR Education’ or the ‘Group’)

Interim Results

VR Education (AIM: VRE; Euronext Growth: 6VR), a leading virtual reality ('VR') technology company in the education, communication and virtual events space, and owner/developer of the ENGAGE platform, today announces its interim results for the six months ended 30 June 2020 (the ‘Period’ or ‘H1 2020’).

Financial Highlights

- Revenue increased by 37% to €681k (H1 2019: €497k)
- ENGAGE revenue accelerated during H1 2020 and the Group is currently on track to meet FY 2020 expectations
- ENGAGE revenue comprises 33% of total Group revenue in the Period (H1 2019: 18%)
- In line with management expectations, the EBITDA result was unchanged at a loss of €0.9m (H1 2019: loss of €0.9m)
- Result before tax was a loss of €1.1m (H1 2019: loss of €1.2m)
- Commercial agreement with HTC for the resale of ENGAGE services within Greater China and subsequent successful fundraise of €3.0m (€2.93m net of expenses) from HTC – significantly underpins external confidence in the Group
- Net cash as at 30 June 2020 of €3.2m and at 9 September 2020 of €2.9m
- Loss per share for the period of €0.01 (H1 2019: €0.01)
- ENGAGE revenue post period end comprised 68% of total post period end Group revenue showing the significant traction achieved by ENGAGE

Operational Highlights

- Extremely successful HTC Vive Ecosystem Conference held on the ENGAGE platform in March 2020
- Partnership agreements entered into with content providers in USA and UK for on-boarding content onto the ENGAGE platform
- Multi-year enterprise licence agreement signed with Tokyo Global Gateway for approx. €0.2m
- Significant events contracted to be held in ENGAGE during H2 2020
- Commercial deals entered into with a number of parties on the ENGAGE platform for license agreements and for VR events including Facebook and Victory XR
- Successful launch of ENGAGE Mobile on Android phones and tablet devices

David Whelan, CEO of VR Education, said: “2020 has been a catalyst for increasing interest and uptake of VR to enable companies and employees to continue to interact. Our proprietary ENGAGE platform has benefitted from this and is now being used by significant global organisations, both governmental and corporate. VR Education’s outlook and forecast for the future is brighter than ever and I look forward to updating shareholders on our progress in due course.”

Investor and Analyst Meeting

A meeting for analysts hosted by David Whelan (CEO) and Séamus Larrissey (CFO) will be held at 0930am today via Zoom. Please contact Buchanan at vre@buchanan.uk.com if you would like to receive the dial in details.

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

- Ends -

For further information, please contact:

VR Education Holdings plc	Tel: +353 87 665 6708
David Whelan, CEO	contact@vreducationholdings.com
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 (UK 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 Euronext Growth, a market regulated by Euronext Dublin. For further information, please visit www.vreducationholdings.com.

Chief Executive's Review

2020 has so far been a tough year for many businesses as the uncertainty of how to operate safely and efficiently, both during and following the Covid-19 pandemic, has challenged many of them. VR Education has been well placed to support many companies through its proprietary ENGAGE platform where they can host virtual events, virtual meetings and virtual training, and experience many of the same positive interactions enabled through physical interaction.

ENGAGE

Commercial use of the Group's ENGAGE platform has grown significantly since the pandemic started in Europe and the US with HTC and various other significant international organisations and corporations utilising the platform for virtual conferences and virtual meetings. HTC, a world leader in VR and mobile computing, hosted its 2020 Vive Ecosystem Conference on ENGAGE and was so impressed that it subsequently invested in the Group, becoming a sizable shareholder with a strong vested interest in the continued growth of the Group as a whole.

VR Education has continued to sell Showcase Experiences on various VR platforms which perform well, however, the Group's ENGAGE platform revenue is beginning to dominate. This shift in the sales mix towards ENGAGE has always been anticipated, however the pandemic has acted as a catalyst in many respects towards the uptake of VR services and the need for companies to start using it. This increased interest and demand for VR can be clearly seen in the Group's partnership agreement with US-based VictoryXR, a world leader in VR and augmented reality ('AR') content creation for schools and education, for the use of the Group's ENGAGE platform which was announced in April 2020, and the memorandum of understanding with Virtual College Limited, an industry-leading digital learning solutions provider, to provide and deliver technology enhanced learning solutions in the UK and Middle East, which was announced post period end. Post period end, the Group also signed a multi-year enterprise licence agreement with Tokyo Global Gateway, a large-scale experience-oriented English-education facility, for use of the Group's proprietary ENGAGE platform, effective from 1 September 2020.

As part of HTC's investment, the Group has entered into a commercial agreement with HTC for the resale of ENGAGE services within the Greater China Region. This revenue stream is anticipated to come online in Q4 2020 with significant opportunities available inside China, as it is one of the countries leading the way in the adoption of XR. The Board is confident that having a business development team and the support structure of a company like HTC behind the ENGAGE platform will accelerate the overall adoption of the platform in many areas of training, education and enterprise.

In Q2 2020 the Group released the beta version of ENGAGE on android phone and tablets, opening up its potential market to billions of global users without the need for a headset, with the full release occurring post period end in July 2020. This version is perfect for attending events and conferences and an iOS iPhone/iPadOS version will follow before the end of the year.

With continued Covid-19 outbreaks forecast to happen in the near to medium term and an increasing number of large global technology companies allowing employees to work from home or remotely even after the pandemic is over, the Group expects to see continued accelerated growth of the ENGAGE platform for many years to come. ENGAGE offers a different way to communicate between remote teams and provides a more immersive conference experience than non-VR alternatives. VR Education believes that the virtualisation of such events is becoming more normalised with many areas being explored not just in education but also entertainment. The Board expects this trend to continue in the coming months as the Group continues to on-board large organisations and roll out its services in multiple geographies.

The Group benefits from a healthy order book for its ENGAGE platform in the second half of the current financial year and since 30 June 2020, the Group has run virtual events for Ericsson and XPRIZE and has a number of other virtual events planned in the current quarter. In addition, sales of the ENGAGE platform to date in H2 2020 for training and remote distance learning purposes has led to agreements being signed with a number of organisations including Facebook, The United States Air Force Academy, University of Arizona, Colorado State University, SNCF, Lobaki, Houston Community College and Stanford University.

Revenue generated from the ENGAGE platform since 30 June 2020 comprised 68% of total post period end Group revenue (H1 2020: 33%), illustrating the significant traction achieved by ENGAGE.

Showcase Experiences

The Group's Shuttle Commander Showcase Experience, which proved highly popular on PlayStation VR ('PSVR') will be released on Oculus Quest later this month. Later in Q4 2020, Shuttle Commander will also be released on the Steam network for PC-based VR devices providing users with a HD version of the experience which the Group expects to remain highly popular in the run up to the highly lucrative Christmas period.

Due to Covid-19 restrictions, revenue from the Group's Showcase Experiences at location-based installations such as museums and VR arcades is lower than anticipated however the Group expects this to recover as restrictions are eased.

VR Education has continued to see good sales of its previously-released titles such as Apollo 11 VR, Titanic VR and Shuttle Commander on PSVR and will bundle these titles at various times throughout the year during subject matter anniversaries or general sales offers by Oculus, Sony or Steam.

Outlook

This past six months have been transformational for VR Education. The Group's ENGAGE platform has become a vital tool for many educators, event planners and enterprise clients in their response to Covid-19. The surge in demand for ENGAGE has led to the Group increasing its employees by 25% to keep up with the growing user base and the Board expects this to accelerate well into this coming year with ENGAGE set to be released in China in the near future with the backing of HTC and its business development team.

The Group's Showcase Experiences continue to generate meaningful revenue and this is expected to continue, however more and more attention is now being spent on the ENGAGE platform as revenues and user numbers continue to grow strongly. VR Education's outlook and forecast for the future is brighter than ever which is in stark contrast to the difficulties many corporates are experiencing with restrictions and shutdowns happening globally. The Group continues to hire top talent from around the world and has strengthened the Board with two excellent appointments providing a fresh outlook for the Group's products outside of the education arena. A statement I have heard in the past is 'Right product, right time' and I believe that VR Education has that product in ENGAGE and the timing for mass global commercialisation is now.

David Whelan
Chief Executive Officer
10 September 2020

Financial Review

Revenue for the half year is up 37% on the prior half year to €681k (H1 2019: €497k), driven by an acceleration in revenue from the ENGAGE platform and the continued success of the Group's Showcase Experiences, these being Apollo 11 VR, Titanic VR and Shuttle Commander.

ENGAGE revenue as a percentage of total revenue grew significantly in the period and comprised 33% of total revenue in the period (H1 2019: 18%). Post period-end, ENGAGE revenue continued to accelerate with ENGAGE revenue comprising 68% of total revenue post period end providing evidence of the continuing momentum behind the platform.

EBITDA loss was €0.9m comparable to the prior year period (H1 2019: 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 €1.1m, in line with management expectations, compared to a loss in the prior year of €1.2m.

The combination of operating cashflows and capital expenditure improved by over 20% in the period from an outflow in H1 2019 of €1.25m to just under €1.0 in H1 2020. The current cash burn rate, net of revenue received, post period end is approximately €0.2m per month but is expected to decline as revenues continue to grow. This is a reduction from earlier in the period when the cash burn rate was €0.25m.

At 30 June 2020, the Group had a strong cash position with net cash of €3.2m. The Group's cash position as at 9 September 2020 stood at €2.9m. The cash balance was significantly strengthened during the period by a successful €3.0m (€2.93m net of expenses) share subscription by HTC.

Séamus Larrissey
Chief Financial Officer
10 September 2020

Consolidated Statement of Comprehensive Income
For the six months ended 30 June 2020

	Note	**Unaudited Six months ended 30 June 2020 €**	Unaudited Six months ended 30 June 2019 €
Continuing Operations			
Revenue		681,152	497,362
Cost of Sales		(202,982)	(217,699)
Gross Profit		478,170	279,663
Administrative Expenses		(1,608,415)	(1,448,633)
Operating Loss		(1,130,245)	(1,168,970)
Finance Costs		(2,710)	(3,597)
Loss before Income Tax		(1,132,955)	(1,172,567)
Income Tax Credit		-	-
Loss for the Year from continuing operations		(1,132,955)	(1,172,567)
Loss per share			
Basic from continuing operations	**4**	(0.005)	(0.006)

Consolidated Statement of Financial Position
As at 30 June 2020

	Note	**Unaudited as at 30 June 2020 €**	Unaudited as at 30 June 2019 €	Audited as at 31 Dec 2019 €
Non-Current Assets				
Property, Plant & Equipment		84,291	152,174	115,930
Intangible Assets	**2**	1,217,679	1,205,227	1,433,733
		1,301,970	1,357,401	1,549,663
Current Assets				
Trade and other receivables		301,100	289,932	204,904
Cash and short-term deposit		3,234,069	2,220,797	1,292,852
		3,535,169	2,510,729	1,497,756
Total Assets		4,837,139	3,868,130	3,047,419
Equity and Liabilities				
Equity Attributable to Shareholders				
Issued share capital	**5**	241,751	193,136	193,136
Share premium	**5**	24,547,516	21,587,539	21,587,539
Other reserves		(11,349,684)	(11,300,902)	(11,287,395)
Retained earnings		(8,834,328)	(6,938,317)	(7,705,536)
Total Equity		4,605,255	3,541,456	2,787,744
Non-Current Liabilities				
Operating lease liabilities		18,984	44,522	34,057
Current Liabilities				
Trade and other payables		182,754	246,434	192,893
Operating lease liabilities		30,146	35,718	32,725
		212,900	282,152	225,618
Total Liabilities		231,884	326,674	259,675
Total Equity and Liabilities		4,837,139	3,868,130	3,047,419

Consolidated Statement of Changes in Equity
At 30 June 2020

	Share Capital €	Share Premium €	Other Reserves €	Retained Earnings €	Total €
				Attributable to Equity Shareholders	
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

	Share Capital €	Share Premium €	Other Reserves €	Retained Earnings €	Total €
				Attributable to Equity Shareholders	
Balance at 1 January 2020	193,136	21,587,539	(11,287,395)	(7,705,536)	2,787,744
Loss for the period	-	-	-	(1,132,955)	(1,132,955)
Issue of ordinary shares	48,615	2,959,977	-	-	3,008,592
Issue costs	-	-	(70,720)	-	(70,720)
Share option expense	-	-	8,431	4,163	12,594
Balance at 30 June 2020	241,751	24,547,516	(11,349,684)	(8,834,328)	4,605,255

Consolidated Statement of Cash Flows
For six month period ended 30 June 2020

	Note	Unaudited Six months ended 30 June 2020 €	Unaudited Six months ended 30 June 2019 €
Cash Flows from Operating Activities			
Loss before income tax		(1,132,955)	(1,172,567)
Adjustments to reconcile loss before tax to net cash flows:			
Depreciation		34,510	39,015
Amortisation		269,518	231,807
Finance Costs		2,710	3,597
Share Option Expense		12,596	13,827
Movement in Trade & Other Receivables		(96,196)	104,182
Movement in Trade & Other Payables		(10,139)	51,239
		(919,956)	(728,900)
Bank interest & other charges paid		(2,710)	(3,597)
Net cash used in operating activities		(922,666)	(732,497)
Cash Flows from Investing Activities			
Purchases of property, plant & equipment		(2,870)	(34,137)
Payments to develop Intangible Assets		(53,464)	(480,482)
Net cash used in investing activities		(56,334)	(514,619)
Cash Flows from Financing Activities			
Proceeds from issuance of ordinary shares	**5**	2,937,872	-
Payment of operating lease liabilities		(17,655)	(17,273)
Net cash generated / (used) from financing activities		2,920,217	(17,273)
Net increase / (decrease) in cash and cash equivalents		1,941,217	(1,264,389)
Cash and cash equivalents at beginning of period		1,292,852	3,485,186
Cash and cash equivalents at the end of period		3,234,069	2,220,797

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 2020.

The accounting policies are unchanged from the financial statements for the year ended 31 December 2019. 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 2019, prepared in accordance with IFRS, have been filed with the Companies Registration Office. The Auditors' Report on these accounts was unqualified, but did include an emphasis on the Groups ability to continue as a going concern in light of the impact of COVID-19. The opinion given was not modified as a result of the emphasis 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 2020.

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 2019, 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

No new standards or amendments have been adopted for the first time in these financial statements:

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 2020	2,022,009	2,022,009
Additions	53,464	53,464
At 30 June 2020	2,075,473	2,075,473
Amortisation		
At 1 January 2020	588,276	588,276
Charge	269,518	269,518
At 30 June 2020	857,794	857,794
At 30 June 2020	1,217,679	1,217,679
At 31 December 2019	1,433,733	1,433,733

	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 the mobile version was released in December 2019. Amortisation commenced when the mobile version 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

There were no employee options granted during 2020 (2019: 133,089 at an exercise price of €0.10).

The remaining employee 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

There were no share options granted during 2020 (2019: Nil) to Directors.

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

	2018 Scheme	
	Half-Year 2020	Half-Year 2019
At 1 January	4,465,526	4,425,028
Capital restructure and Listing process	-	-
Granted during period	-	133,089
Exercised during period	(330,447)	-
Forfeited during period	(37,037)	(92,591)
At 30 June	4,098,042	4,465,526
Options outstanding at 30 June		
Number of shares	4,098,042	4,465,526
Weighted average remaining contractual life	2.33 years	3.30 years
Weighted average exercise price per share	€0.027	€0.028
Range of exercise price	€0.0001 – €0.135	€0.0001 – €0.135
Exercisable at 30 June		
Number of shares	2,328,003	2,438,152
Weighted average exercise price per share	€0.026	€0.026

330,447 options were exercised during the period at a price of €0.026 per share.

The expense recognised in respect of employee share based payment expense and credited to the share based payment reserve in equity was €12,596 (2019: €13,827)

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	5.5

4. Loss per share

Loss attributable to equity holders of the Group:	**Unaudited Six months ended 30 June 2020 €**	Unaudited Six months ended 30 June 2019 €
Continuing Operations	(1,132,955)	(1,172,567)
Weighted average number of shares for Basic EPS	241,750,955	193,136,406
Basic loss per share from continuing operations	(0.005)	(0.006)

5. Share Capital

	Number of shares	**Ordinary shares €**	**Share premium €**	**Total €**
At 1 January 2020	193,136,406	193,136	21,587,539	21,780,675
Ordinary Shares Issued	48,284,102	48,285	2,951,715	3,000,000
Exercise of Share Options	330,447	330	8,262	8,592
At 31 December 2018 and at 31 December 2019	241,750,955	241,751	24,547,516	24,789,267

On 12 June 2020 HTC Corporation invested €3.0 million in the Group and were issued 48,284,102 ordinary shares at an issue price of €0.062 per share. Net proceeds after expenses were €2.94 million.

On 22 June 2020, as a result of the exercise of share options, 330,447 ordinary shares in the Company at an exercise price of €0.026 per share providing the Company with gross proceeds of €8,591.62

Forward-Looking Statements

Certain statements made in this announcement are forward-looking statements. These forward-looking statements are not historical facts but rather are based on the Company's current expectations, estimates, and projections about its industry; its beliefs; and assumptions. Words such as 'anticipates,' 'expects,' 'intends,' 'plans,' 'believes,' 'seeks,' 'estimates,' and similar expressions are intended to identify forward-looking statements. These statements are not guarantees of future performance and are subject to known and unknown risks, uncertainties, and other factors, some of which are beyond the Company's control, are difficult to predict, and could cause actual results to differ materially from those expressed or forecasted in the forward-looking statements.

The Company cautions security holders and prospective security holders not to place undue reliance on these forward-looking statements, which reflect the view of the Company only as of the date of this announcement. The forward-looking statements made in this announcement relate only to events as of the date on which the statements are made. The Company will not undertake any obligation to release publicly any revisions or updates to these forward-looking statements to reflect events, circumstances, or unanticipated events occurring after the date of this announcement except as required by law or by any appropriate regulatory authority.

- ENDS -