Annual Report and Financial Statements

for the Year Ended 31 December 2020

Registered Number: 613330

VREDUCATION HOLDINGS

Annual report and financial statements
For the year ended 31 December 2020

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VREDUCATION HOLDINGS

Company information

Directors

Non-Executive Chairman - Richard Cooper
Chief Executive Officer - David Whelan
Chief Operating Officer - Sandra Whelan
Chief Financial Officer - Séamus Larrissey
Non-Executive Director - Tony Hanway
Non-Executive Director – Michael Boyce (resigned 31 August 2020)
Non-Executive Director – Praveen Gupta (appointed 6 July 2020)
Non-Executive Director – Harry Kloor (appointed 24 August 2020)

Secretary

Séamus Larrissey

Registered office

Unit 9 Cleaboy Business Park
Old Kilmeaden Road
Waterford
X91 AX83

Registered number

613330

Bankers

Allied Irish Bank
Dunmore Road
Waterford

Auditor

PKF Littlejohn LLP
Statutory Auditor
15 Westferry Circus
Canary Wharf
London
E14 4HD
United Kingdom

Nominated adviser

Cairn Financial Advisers LLP
Cheyne House
62-63 Cheapside
London
EC2V 6AX
United Kingdom

Euronext growth advisor

J&E Davy
Davy House
49 Dawson Street
Dublin 2
Ireland

Brokers

Shard Capital Partners LLP
23rd Floor, 20 Fenchurch Street
London
EC3M 3BY
United Kingdom

J&E Davy
Davy House
49 Dawson Street
Dublin 2
Ireland

Chairman's statement

for the year ended 31 December 2020

I am pleased to present the Annual Report and Financial Statements of VR Education Holdings PLC ("VRE" or "the Group"), a company incorporated in the Republic of Ireland, for the year ended 31 December 2020 ('FY-2020').

Overview of the year

This is the third set of financial statements I am proud to present to shareholders following the successful fundraising and IPO in March 2018. VRE is an early stage, growing company with unique intellectual property in both content and operating software in the world of Virtual Reality ("VR").

Revenues in FY-2020 grew by 38% to €1.4 million (FY-2019: €1.0 million) generating a gross profit margin of 72% and gross profit of €1,013k (FY-2019: €622k).

COVID-19

VRE has the bulk of its operations in Waterford in the Republic of Ireland. Prior to the Republic's mandated lockdown, the Group made the prudent decision to have all 37 employees work remotely to ensure their safety. This action has not had any negative effect on productivity within the Group as all employees have remained dedicated and professional throughout this difficult period.

Our ability to utilise our own products for conferences as well as other meeting facilities has proved to be invaluable, not least as it gave us greater insights into the needs of customers and our ability to serve them. As an example, the Group now holds all its daily stand-up and design meetings inside the ENGAGE platform which has proved very successful. VRE has also hired new staff from the US and UK who will always work remotely. These employees only attend staff meetings and events virtually. This has helped the Group improve the platform making it easier to sell platform licenses to companies such as HTC, Facebook and others.

The only negative impact COVID-19 has had on the Group to date has been the closure of all museums and exhibits which have been hosting VRE content on a revenue share basis. We expect this to have cost in the region of €300k in 2020. However, as locations reopen in the latter part of 2021 and 2022, the Group expects to see revenues in this area bounce back and increase as VRE works with more locations on new installations.

Development of ENGAGE

The Group's proprietary VR education platform ENGAGE was commercially launched in December 2018. VRE has developed and promoted ENGAGE against both technological and commercial headwinds, including the lack of availability of suitable hardware. The commercial issues were mainly associated with Brexit in the UK where companies reduced technology spending due to the uncertainty it caused.

In July 2020, ENGAGE Mobile launched on Android phones and tablets, with the iOS version for iPhones and iPads later released in December 2020. Users can now host virtual events without a VR headset or device, thereby expanding ENGAGE's addressable user base as it enables increased use of ENGAGE by large corporations to host virtual events. This was a major milestone achieved during the year and highlights VRE's ability to quickly adapt to the market.

Furthermore, the management team's perseverance has led the Group to sign partnerships with major organisations, including one of the leading world's smart mobile device manufacturers HTC Corporation and US-based Victory XR, a leading provider of VR and Augmented Reality ("AR") education solutions. The partnership with HTC has provided a platform and opportunity for ENGAGE within the Asian region, which is an area forecast to experience rapid growth in the VR market. The fact that these companies, with the robustness of their investment criteria, partnered with VRE is a terrific endorsement of ENGAGE and the opportunities it provides.

The ENGAGE platform is the ideal tool to meet the needs of the remote working world. The global COVID-19 pandemic has generated significant demand for VR solutions and there have been high levels of interest in our conferencing and collaboration tools. Our most popular products via the ENGAGE platform are our virtual campus and virtual offices where users can login to a persistent location and meet work colleagues to attend company meetings and events. Proving very popular late last year were virtual office parties and virtual graduation ceremonies. The Group has been working hard since the year end to ensure the platform is available to those who want to use it, releasing the platform on mobile phones, tablets, and iOS devices.

Standalone content

The Group also continues to produce award-winning standalone content to showcase VR/AR's potential as a tool for educational purposes. Our first release Apollo 11 VR about the first mission to the moon has won multiple awards including a Time Warner "Future of Storytelling" award. Apollo 11 VR was one of first big VR hits when released on the Oculus Rift and the HTC Vive in 2016. A High-Definition version was re-released in November 2018. Apollo 11 VR has generated more than €1.9 million in revenues since its launch to this year-end. Furthermore, Titanic VR and Shuttle Commander, which launched in Q4 2018 and Q4 2019 respectively, continue to perform well and have generated a combined €1.1 million in revenues since their launches.

Although our standalone experiences have been highly successful for the group in the past, our focus is now principally on the delivery of ENGAGE as the next big communication, education and collaboration platform seeking to replace Microsoft Teams and Zoom for large group conferences and virtual events.

Outlook

There has been considerable progress in 2021, and VRE is now well placed to deliver long-term value to shareholders, initially through the execution of its medium-term outlook as announced on 22 January 2021. Management view the ENGAGE total addressable market to be between $10bn and $25bn based on the expected compound annual growth rate ("CAGR") of between 12-23% forecast within the global team collaboration, global e-learning and global virtual events markets as per Grand View Research and Facts & Factors.

I would like to take this opportunity to thank the management and employees for their hard work in what has been a challenging environment. Furthermore, I want to thank our shareholders for their continued support.

Richard Cooper
Chairman

25 February 2021

Chief Executive's review

for the year ended 31 December 2020

Review of the Year
ENGAGE – Significant Progress Made

2020 was a challenging year, however it provided a significant opportunity for VRE. This was illustrated with the significant accelerated growth of the Group's ENGAGE platform. During the year, over 60 commercial deals were signed to use the platform, compared to three in the previous financial year.

In the past six months, the user base of ENGAGE has increased by more than 700%. Revenue from the platform is now outstripping all other sources of revenue for the Group, with all metrics pointing to the continued accelerated growth of the platform in 2021 and beyond. The significant progress made by the Group in FY20, including key partnerships such as HTC, Sky Ireland, and Tokyo Global Gateway, provides an opportunity to scale the business and create a path to profitability in the short to medium term.

Partnership with HTC

In May 2020, the Group announced that HTC had purchased a 20% equity stake in the Group. The acquisition of the stake followed the success of HTC's annual Vive developer conference inside the ENGAGE platform. The platform hosted over 1,000 concurrent VR users with 1.1 million viewers watching the live stream. Furthermore, VRE negotiated a commercial deal with HTC to resell ENGAGE services inside China under the Vive Session brand.

In October 2020, ENGAGE was launched in China following months of work with HTC. Revenue from this partnership is expected to be generated from Q2 2021. ENGAGE China has been rebranded as Vive Sessions inside the China region. HTC is working closely with the ENGAGE team on a new enterprise and education offering, which will be available later in 2021. The APAC region, particularly China, South Korea and Japan, will be the key driver of the global virtual reality market through until 2030. The Group's partnership with HTC, the market leader in Asia for immersive hardware, places VRE in a strong position to capitalise on this market, providing customers with a combined hardware and software offering.

Additional Platforms

In 2020 the ENGAGE platform successfully hosted virtual events for a range of companies including Facebook, Vodafone, Xprize, the European Commission, Yahoo and HTC. This demand has continued into 2021 with multiple events already confirmed for the first half of 2021 including a number of HTC conferences.

Before 2020, the most significant barrier to adoption for the Group's ENGAGE platform was its accessibility. ENGAGE was only available on PC based VR devices. This barrier was overcome during the year through the launch of ENGAGE Mobile on Android phones and tablets in July 2020, with the iOS version for iPhones and iPads released in December 2020. This has enabled increased use of ENGAGE by large corporations to host virtual events.

Facebook/Oculus Quest Release

The official release of ENGAGE on the Facebook/Oculus Quest Store in November 2020 was another milestone. The ENGAGE application was front and centre on the store under collaboration applications. This positioning drove many requests from corporations to host the ENGAGE platform for ease of installation and updates. Facebook has also become a commercial user of ENGAGE by signing up for an enterprise account for internal use cases.

The progress made in 2020 means that ENGAGE is now available to a global audience and easy to install on a range of platforms and devices. This has resulted in increased revenues and continued growth in ENGAGE users month on month.

ENGAGE Broadening Userbase

Originally, ENGAGE was marketed as an education and training platform to provide remote distance learning as well as tools for educators to create content. The platform has evolved to enable a broad spectrum of different use cases generating revenues for the Group in different ways.

ENGAGE now has three main types of users, which are:

- Education clients using ENGAGE Virtual Campus for remote classes offering persistent virtual campus locations, private branded learning environments with the ability to create and publish content and use virtual collaboration tools.
- Enterprise clients using ENGAGE Virtual Office for remote team collaboration and meetings offering persistent virtual office locations, private branded office environments with the ability to use virtual collaboration tools and virtual sales presentation tools.
- Event clients using ENGAGE Virtual Events to host safe large scale virtual events offering unique content possibilities with a large cost saving over traditional events.

Revenue from these three streams is currently evenly split. However, the Group expects to see a marked increase in Virtual Events and Virtual Office usage during 2021 now that the ENGAGE platform is accessible on a broader range of devices.

The Group now views ENGAGE as a comprehensive communications platform and believes that competition for future growth will be against video and text-based platforms such as Zoom, Microsoft Teams and Slack. While video-based platforms are primarily designed for one-on-one communication and not suited to hosting "virtual events" or large group meetings, ENGAGE provides a differentiated offering to the competition, as the platform was specifically designed to enable large groups to meet and interact naturally in virtual spaces. To this end, the Group is currently undertaking a rebranding of ENGAGE and will be investing in its marketing and business development to continue to support its growth trajectory.

ENGAGE Total Addressable Market (TAM)

The Group has estimated that ENGAGE's total addressable market is between $10bn and $25bn, which is determined as follows as per Grand View Research and Facts & Factors:

- Global team collaboration software market size of $10 billion in 2020 with forecasted CAGR of 12.7% during the period 2020 to 2027;
- Global e-learning market size of $165 billion in 2020 with forecasted CAGR of 14.6% during the period 2020 to 2026; and
- Global events market size of $94 billion 2020 with forecasted CAGR of 23.2% during the period 2019 to 2027.

This presents a compelling opportunity for ENGAGE as the requirement for virtual, remote communications in response to COVID-19 and working-from-home phenomenon is accelerating forecast growth rates in these markets and the market share for VR and next generation solutions. The Group is well positioned with its current product offering to take advantage of this large global market and high growth forecasts.

Showcase Experiences

Showcase Experiences was an important part of the business and a key generator of revenue in prior years. However, the Group's focus is now on scaling the ENGAGE platform. Our Showcase Experiences continued to sell strongly on a range of different platforms throughout 2020. Shuttle Commander was released on the popular Oculus Quest platform in September, and later PC-based VR devices via the Steam network in November.

Outlook

On 22 January 2021, VRE announced the Group's medium-term outlook. The Group is targeting €10 million ENGAGE revenue generated from 500 active enterprise customers and 100,000 monthly users during the period FY-2023 to FY-2025. These key performance indicators are supported by the Group's strategy, strong ENGAGE momentum and large global addressable market. This outlook captures and quantifies the upward trend targeted by the ENGAGE platform.

Furthermore, the Group is targeting a gross margin in excess of 80% once ENGAGE revenue is between €5 million – €10 million, a forecast retention rate of ENGAGE customers of at least 80% and estimated growth in average annual contract value in excess of €20,000, reflecting the targeted Enterprise and Institutional client base and ENGAGE value proposition.

In the past six months, we have begun to prove the monetisation strategy of ENGAGE, with over 60 commercial deals signed to use the platform in FY-2020. The strategy's efficacy is also evident in the increasing average ENGAGE deal sizes, with some of our earlier commercial clients purchasing additional accounts and services leading to larger purchase orders.

With just two full-time business developers for the majority of 2020, the Group has closed deals during the year worth more than €1.8 million, which should be recognised over the next 36 months. The Group has now hired an additional four business developers. VRE will begin to allocate increased funding to the marketing and promotion of the ENGAGE platform as we look to grow in 2021 and beyond.

Following the deployment of the ENGAGE platform on the Chinese mainland in collaboration with HTC in late 2020, we expect to see the first revenues generated from this partnership realised in the first half of 2021. ENGAGE is now available on almost every platform globally, opening major opportunities where sales were previously limited to a small but growing marketplace.

VRE has made significant operational progress and achieved several key milestones during 2020. With a workforce of in excess of 50 people at the year end we will continue to grow the team during 2021 with strategic hires planned in a number of areas within the organisation to drive the growth of the business.

As the Group moves into 2021, it is well-positioned with increasing revenue, growing numbers of ENGAGE users, and an expanding market opportunity. As we look to scale the business and increase market share, VRE is poised to capitalise on its strong position in China. China is the fastest-growing immersive market in the world. The Group looks forward to capitalising on the many exciting opportunities on the horizon. VRE is focused on identifying new strategic partnerships to support the Group's growth and expansion in 2021.

We are looking forward to the future with confidence.

David Whelan
Chief Executive Officer

25 February 2021

Chief Financial Officer's review

for the year ended 31 December 2020

I am pleased to report that revenue for the year was up 38% on the prior year from €1.0 million to €1.4 million, driven by a significant increase in demand for the ENGAGE platform. ENGAGE revenue was up 500% on the prior year from €0.1 million to €0.6 million.

EBITDA loss was €2.1 million compared to a loss of €1.4 million in the prior year and loss before tax was €2.7 million compared to a loss in the prior year of €1.9 million. This increased EBITDA loss is driven by reduced capitalisation of developer staff costs in 2020 in line with International Accounting Standards which were required to go through the income statement in 2020.

Operating cashflows were a net outflow of €2.0 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 €358k, marginally ahead of trade and other payables at €357k. Trade receivables represented an average of 74 debtor days (2019: 52 days).

The Group's cash position on 31 December 2020 was €2.0 million with no debt. The cash balance was significantly strengthened during the year by a successful €3.0 million (€2.93 million net of expenses) share subscription by HTC.

Séamus Larrissey
Chief Financial Officer

25 February 2021

Strategic report

for the year ended 31 December 2020

The Directors present herewith their strategic report for the year ended 31 December 2020.

Results and Dividends

The loss for the year after taxation amounted to €2,728,442 (2019: €1,939,786). No dividends were paid during the year (2019: €Nil) and as such an amount of €2,728,442 was debited to reserves.

Review of the business and future developments

The review of the business and future developments are set out in the Chairman's Statement.

Key Performance Indicators

Revenue
Revenue and revenue growth tracks the Group's performance against the strategic aim to grow the business.

Revenue for the year was €1,417k compared to €1,024k in 2019, an increase of 38%. The Group expects to see further growth in revenue in 2021 with commercial contracts expected with numerous customers on ENGAGE.

Medium-term outlook target of €10 million ENGAGE revenue during the period FY-2023 to FY-2025.

Gross Margin
Gross margin tracks the margin earned on revenue after the deduction of cost of sales.

Gross margin for the year was 72% compared to 61% in 2019, an increase of 11%. The Group expects to see further growth in gross margin as ENGAGE revenue becomes the dominant revenue generator for the Group from 2021 onwards.

Medium-term outlook target of gross margin in excess of 80% once ENGAGE revenue is between €5 million – €10 million.

Average Contract Value
Average Contract Value is calculated as the average non-trial recurring licence revenue from customers, while including 25% of associated professional services value based on the expectation of required additional support / custom content creation.

Average contract value for 2020 was approximately €14,000. This metric has only become measurable during 2020 and the expectation is that average contract value will grow year on year as ENGAGE deals become larger in size.

Medium-term outlook target of average contract value in excess of €20,000.

Cash and Cash Equivalents
Tracking the cash balance monitors the conversion of revenue into cash ensuring that cash is available for reinvestment.

Cash and cash equivalents at 31 December 2020 was €2.0 million compared to €1.3 million at 31 December 2019, an increase of 57%.

Principal Activity

The principal activity of the Group is the development of the educational Virtual Reality platform 'ENGAGE'. The Group also develops and sells Virtual Reality experiences.

Principal Risks and Uncertainties

The Group's strategy is to follow an appropriate risk policy, which effectively manages exposures related to the achievement of business objectives. The key risks which the Group face are detailed as follows:

Activity	Risk	Impact	Control(s)
Technology Risk	Fast moving market that is subject to changing trends and technological advances.	Being behind market leaders or the provision of non-standard material for which there is a limited target audience, consequently reducing potential for profit/ revenue.	The Company regularly conducts market research to be aware of upcoming trends, and it aims to achieve 'first mover' advantage in the VR Educational sector to manage this risk.
Business performance	Company may not perform as expected.	Adverse consequences such as management distraction, disposal and reduced profit.	This risk is managed through a number of measures: authorisation of purchases and capital requirement; ensuring the appropriate management team is in place; budget and business planning; monthly reporting and variance analysis; financial controls; key performance indicators; and regular forecasting.
Financial Risk	Adequate financial and business controls.	Error or fraud, leading to a loss in reputation, business partners and customers.	The Company exercises financial and business control through a combination of: qualified and experienced financial personnel; dual signatories; performance analysis; budgeting and cash flow forecasting; local audit to international standards; and clearly defined approval limits.
Critical Person Risk	Loss of key management or development staff.	Operational impact of loss of key staff could see a delay in product / service delivery.	The nature and operation of the board ensures that issues are disseminated to all board members in a timely manner which would help address the loss of any key staff. Keyman insurance policy is also in place for the CEO.
Data Protection Risk	Loss of customer personal information.	Loss of reputation, fines and potential litigation.	Payment processing handled by reputable third party (Stripe); GDPR policies in place and made available to new and existing users; best practise policy and procedure in place for storing user personal data.

Going Concern

The financial information is presented on the going concern basis.

The Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. As such, the Directors continue to adopt the going concern basis of accounting in preparing the Financial Information.

Sandra Whelan
Director

25 February 2021

Séamus Larrissey
Director

25 February 2021

Directors' report

for the Year Ended 31 December 2020

he Directors present herewith their annual report and audited financial statements for the year ended 31 December 2020.

Results and Dividends
The results for the period are set out in the Strategic Report on page 7-8. The Directors do not propose to declare a dividend.

Directors
The present Directors are as listed on page 1 and, unless otherwise indicated, have served throughout the period.

Directors' and Secretary's interests in shares
The direct and indirect interests of the Directors and secretary in the share capital of the Company at the beginning and the end of the period were as follows:

	31/12/2020		31/12/2019	
	Ordinary Shares	Share Options	Ordinary Shares	Share Options
Richard Cooper	1,070,400	1,000,000	1,070,400	1,000,000
David Whelan	38,665,000	-	38,665,000	-
Sandra Whelan	38,665,000	-	38,665,000	-
Séamus Larrissey	88,000	910,940	88,000	910,940
Tony Hanway	100,000	-	100,000	-
Praveen Gupta	-	-	-	-
Harry Kloor	-	-	-	-

Substantial shareholdings

As at 24 February 2021, the following interests in 3% or more of the issued share capital appear in the register:

HTC Corporation	19.97%
David Whelan	15.99%
Sandra Whelan	15.99%
Octopus Investments	8.22%
Enterprise Ireland	7.86%
Unicorn AIM VCT plc	6.57%
Barry Downes	5.40%
Suir Valley Funds ICAV	4.38%

Transactions Involving Directors

Transactions involving Directors are disclosed within note 22.

Directors' Report (continued)

Events after the reporting period

The Company has evaluated all events and transactions that occurred after 31 December 2020 up to the date of signing of the financial statements.

No material subsequent events have occurred that would require adjustment to or disclosure in the financial statements.

Research and development

Being at the forefront of a competitive industry and in order to strengthen its market position the Group needs to continue to break new ground by investing in the development and trial of new technologies. The Group aims to provide educators the tools they need to create their own content in virtual classrooms or virtual training environments and thus improving Customer experience.

Accounting Records

The measures that the Directors have taken to secure compliance with the requirements of sections 281 to 285 of the Companies Act 2014 with regard to the keeping of accounting records, include the provision of appropriate resources to maintain adequate accounting records throughout the company, including the employment of appropriately qualified personnel and the maintenance of computerised accounting systems. The accounting records of the Company are held at their registered office at Unit 9, Cleaboy Business Park, Waterford, Ireland.

Branches outside the state

The Company has a branch established in the United Kingdom.

Political Donations

There were no political donations made during the current or prior year.

Disclosure of information to the Auditor

Each Director has taken steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information. The Directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

On behalf of the board

Sandra Whelan
Director

25 February 2021

Séamus Larrissey
Director

25 February 2021

Directors' responsibilities statement

for the Year Ended 31 December 2020

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable Irish law and regulations.

Irish Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the Group and Parent Company financial statements in accordance with accounting standards issued by the Financial Reporting Council including International Financial Reporting Standards as adopted by the European Union (IFRSs).

Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the Group and Parent Company as at the financial year end date and of the profit or loss of the Group and Parent Company for the financial year and otherwise comply with the Companies Act 2014.

In preparing these financial statements the Directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with applicable accounting standards, identify those standards, and note the effect and the reasons for any material departure; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Parent Company will continue in business.

The Directors are responsible for ensuring that the Company keeps or causes to be kept adequate accounting records which correctly explain and record the transactions of the Group and Parent Company, enable at any time the assets, liabilities, financial position and profit or loss of the Group and Parent Company to be determined with reasonable accuracy and enable them to ensure that the financial statements and Directors' Report comply with the Companies Act 2014 and enable the financial statements to be audited. They are also responsible for taking such steps as are reasonably open to them to safeguard the assets of the Group and Parent Company and to prevent and detect fraud and other irregularities.
The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website, www.vreducationholdings.com. Legislation in the Republic of Ireland governing the preparation and dissemination of the Financial Statements may differ from legislation in other jurisdictions.

The Company is compliant with AIM Rule 26 regarding the Company's website.

The Directors are responsible for ensuring that the Company is compliant with AIM Rule 26 which is discussed further in the Corporate Governance Report on page 12-19.

On behalf of the board

Sandra Whelan
Director

25 February 2021

Séamus Larrissey
Director

25 February 2021

Corporate governance report

for the Year Ended 31 December 2020

As Chairman of VR Education Holdings plc, I have overall responsibility for corporate governance and in promoting high standards throughout the Company. As well as leading and chairing the Board my responsibilities are to ensure:

- committees are properly structured and operate with appropriate terms of reference;
- the performance of individual Directors, the Board and its committees are reviewed on a regular basis;
- the Company has a coherent strategy and sets objectives against this; and
- there is effective communication between the Company and its shareholders.

All the Directors of VR Education Holdings plc believe strongly in the importance of good corporate governance for the creation of shareholder value over the medium to long-term and to engender trust and support amongst the Company's wider stakeholders.

This report follows the Quoted Companies Alliance Corporate Governance (QCA Code) guidelines, which is constructed around ten broad principles and a set of disclosures. The QCA has stated what it considers to be appropriate arrangements for growing companies and asks companies to provide an explanation about how they are meeting the principles through the prescribed disclosures. The Directors have considered how they apply each principle and below we provide an explanation of the approach taken in relation to each. The Board considers that the Company complies with the requirements of the QCA Code to the extent they consider it appropriate having regard to the Company's size, board structure, stage of development and resources. The Board recognises that the Company does not fully comply with the 10 principles and general provisions of the QCA Code but does use it as a benchmark in assessing its corporate governance standards. Any areas of non-compliance are explained in the text below.

There were no key governance related matters that occurred during the year.

Richard Cooper
Chairman

25 February 2021

Corporate governance report (continued)

for the Year Ended 31 December 2020

Principle	Application
Establish a strategy and business model which promotes long-term value for shareholders	The Board has concluded that the highest medium and long-term value can be delivered to its shareholders by the adoption of a single strategy for the Company - to establish ENGAGE as the world's leading digital education, corporate training and virtual events platform. Our company's vision for the future is to see virtual reality become a staple tool for education and corporate training globally, as we aim to make virtual communications real. This core objective is to provide students, educators and corporate trainers with an alternative to attending brick and mortar institutes or expensive onsite simulated training. Further details can be found on the Focus & Strategy page on the Company's website. Covid-19 has meant it has been a challenging year for many companies however it has provided a big opportunity for the Group and this is really evident with the continued accelerated growth of the Group's ENGAGE platform. The Company intends to deliver shareholder returns through capital appreciation. The principal challenge to delivering capital appreciation is uncertainty in relation to the performance of Immersive VR Education Limited, although the Board takes steps to mitigate these risks. Further challenges to VR Education's strategy and long-term goals are highlighted in the Principal Risks and Uncertainties section, pages 7-8.
Seek to understand and meet shareholder needs and expectations	The Company places great importance on the need for effective communication and constructive dialogue with investors and the media. To ensure that existing and potential investors and contacts can track its progress and obtain news and updates as soon as available, it encourages registration to the Company's news alert service, as well as providing communications through Interim and Annual Reports. The Company's website, www.vreducationholdings.com, is used for both financial and general news relevant to shareholders. The Chair, Richard Cooper, acts as a liaison for shareholders, although queries through the Company's website are directed to the COO, Sandra Whelan, who monitors and liaises with shareholders on minor queries. The Executive Directors also meet shareholders and other investors/potential investors regularly within the results cycle, and the whole Board aims to attend the AGM where possible. The AGM typically provides an opportunity to meet, listen and present to shareholders, and shareholders are encouraged to attend where possible. All 2020 AGM resolutions were passed comfortably. Although shareholder attendance was restricted at the 2020 AGM due to Covid-19, shareholders were given the opportunity to submit questions to the Board via email so that engagement between the Board and its stakeholders was not impeded by the ongoing outbreak and subsequent changes to AGM arrangements. Shareholders were encouraged to appoint the chair of the AGM as proxy to enable them to exercise their voting rights. In addition, the Company is open to receiving feedback from key stakeholders and will take action where appropriate.
Take into account wider stakeholder and social responsibilities and their implications for long-term success	The Board recognises that the long-term success of the Company is reliant upon the efforts of employees, contractors, suppliers, regulators and many other stakeholders. The Board has put in place a range of processes and systems to ensure that there is close oversight and contact with its key resources and relationships. The Company aims to be very responsive to all stakeholder queries, monitoring message boards on various platforms (emails, social media) for all products on a daily basis, responding with technical assistance or product information as requested within 24 hours.

Principle	Application
Take into account wider stakeholder and social responsibilities and their implications for long-term success (continued)	All employees within the Group are valued members of the team, and the Company seeks to implement provisions to retain and incentivise all its employees. The Group offers equal opportunities regardless of race, gender, gender identity or reassignment, age, disability, religion of sexual orientation. The Company has a policy to conduct annual employee reviews, seeking to understand any issues within the workforce. Employees are incentivised through team building days out and various employee wellness schemes and plans such as the flexible hours scheme, which was introduced successfully in 2019. The Company conducted an employee engagement survey in August 2020, which was anonymised to encourage feedback from the workforce. The outcome was largely positive, and the Company engaged with the Strategic Wellness Service based at CPL Future of Work Institute in Ireland to boost employee well-being. This was of particular importance during the COVID-19 pandemic when staff were required to work remotely. The Company has close, ongoing relationships with a broad range of its stakeholders and provides them with the opportunity to raise issues and provide feedback to the Company. The Company conducts customer reviews, which broaden communication and the opportunity for feedback, as well as holding weekly internal management meetings whereby all aspects of the business are discussed and any issues that arise are actioned by the following week. Furthermore, the Company holds weekly product meetings to ensure that all employee feedback regarding product creation, implementation and processes are taken on board, changed and/or improved, where necessary. The Company has adopted an agile method whereby products follow a two-week sprint process to ensure a smooth process. VR Education is looking at helping and contributing to the local community. In 2020 the Company donated to a local charity which provides food and essential items for those in need. The Group also has no significant environmental impact but will continue to monitor and will take action if this changes in the future.
Embed effective risk management, considering both opportunities and threats, throughout the organisation	The Board recognises the need for an effective and well-defined risk management process, and it oversees and regularly reviews the current risk management and internal control mechanisms. The Strategic Report also outlines the key risks to the business, see pages 7-8 The Company has a risk register which identifies risks, evaluates the risk level (level of impact and the probability of the risk materialising), and the principal person responsible for each risk. The Board has established appropriate reporting and control mechanisms to ensure the effectiveness of its control systems. The Audit Committee has delegated responsibility for ensuring that the financial performance of the Company is properly monitored and reported. The Board currently considers that there are no risk factors that are considered High Risk Areas.
Maintain the Board as a well-functioning, balanced team led by the Chair	The Board comprises: • CEO - David Whelan • COO - Sandra Whelan • CFO - Séamus Larrissey • Independent Non-Executive Director and Chairman - Richard Cooper • Independent Non-Executive Director - Tony Hanway • Independent Non-Executive Director – Praveen Gupta • Independent Non-Executive Director – Harry Kloor

Corporate governance report (continued)

for the Year Ended 31 December 2020

Principle	Application
Maintain the Board as a well-functioning, balanced team led by the Chair (continued)	The letters of appointment of all Directors are available for inspection at the Company's registered office during normal business hours. All Non-Executive Directors are expected to dedicate at least 2 days per month to the Company. One third of Board are subject to re-election at each AGM. Meetings are open and constructive, with every Director participating fully. Senior management can also be invited to meetings, providing the Board with a thorough overview of the Company. The Board is satisfied it has a suitable balance between independence on the one hand, and knowledge of the Company on the other. All Directors are encouraged to use their independent judgement and to challenge all matters, whether strategic or operational, enabling the Board to discharge its duties and responsibilities effectively. As at 31 December 2020, Tony Hanway had an interest in 100,000 shares, and Richard Cooper had an interest in 1,070,400 shares. Neither Director, nor the other Directors, believe that their shareholdings are significant on assessment of the impact upon the Non-Executive Directors' independence. The Board aims to meet six times in the year and a calendar of meetings and principal matters to be discussed is agreed and circulated at the beginning of each year. During the year the Board met five times, and a schedule of attendance is set out below: Director — Attendance Richard Cooper — 5/5 David Whelan — 5/5 Sandra Whelan — 5/5 Séamus Larrissey — 5/5 Tony Hanway — 5/5 Michael Boyce* — 3/5 Praveen Gupta* — 2/5 Harry Kloor* — 2/5 *Harry Kloor joined the Company in August 2020 *Praveen Gupta joined the Company in July 2020 * Michael Boyce left the Company in August 2020 In order to be efficient, the Directors meet formally and informally both in person and by telephone. Board and Committee document authors are made aware of proposed monthly deadlines through the calendar of meetings assembled at the beginning of the year. Board papers are collated, compiled into a Board Pack, and circulated at least one week before meetings, allowing time for full consideration and necessary clarifications before the meetings. The Company has Audit and Remuneration Committees. The Board believes that the Committees have the necessary skills and knowledge to discharge their duties effectively. Directors' conflict of interest The Company has effective procedures in place to monitor and deal with conflicts of interest. The Board is aware of the other commitments and interests of its Directors, and changes to these commitments and interests are reported to and, where appropriate, agreed with the rest of the Board.

Principle	Application
Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities	The Non-Executive Directors have both a breadth and depth of skills and experience to fulfil their roles. The Company believes that the current balance of skills across the Board as a whole reflects a very broad range of personal, commercial and professional skills, providing the ability to deliver the Company's strategy for the benefit of shareholders over the medium and long-term. The Board is committed to continued Board diversity and maintains that these considerations will inform future recruitment consideration if the Board concludes that replacement or additional Directors are required. The Non-Executive Directors meet without the presence of the Executive Directors during the year, and also maintain ongoing communications with Executives between formal Board meetings. Biographical details of the Directors can be found on the Company's website. https://immersivevreducation.com/about-us/board-of-directors/ In addition to their general Board responsibilities, the Directors, including the Non-Executives, are encouraged to be involved in specific workshops or meetings, in line with their individual areas of expertise. This allows skillsets to be kept up to date. The Board shall review annually the appropriateness and opportunity for continuing professional development whether formal or informal. ONE Advisory Limited has been contracted by the Company to support Séamus Larrissey in his role of Company Secretary and has been given the responsibility for ensuring that Board procedures are followed and that the Company complies with all applicable rules, regulations and obligations governing its operation, as well as helping the Chairman maintain excellent standards of corporate governance. If required, the Directors are entitled to take independent legal advice and if the Board is informed in advance, the cost of the advice will be reimbursed by the Company. The Company's Nomad is consulted on all matters and all Directors have access to independent professional advice, if required. Neither the Board nor its Committees have sought external advice on a significant matter during the year.
Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement	At present, this aspect of the Code is not complied with as the Directors consider that the Company and Board are not yet of a sufficient size or suitably developed for a full Board evaluation to make commercial and practical sense, given the stage of the Company. In the frequent Board meetings/calls, Directors can discuss any areas where they feel a change would benefit the Company, and the Company Secretary and other Company advisers remain on hand to provide impartial advice. The Board will keep this under review as the Company develops. The Board has elected not to establish a Nominations Committee, preferring instead that the Board should, itself, deal with such matters, including succession planning and the balance of the Board. The Company operates on a retirement by rotation policy, and one third of Board are subject to re-election at each AGM.
Promote a corporate culture that is based on ethical values and behaviours	The Board recognises that its decisions regarding strategy and risk will impact the corporate culture of the Company as a whole and that this will impact the performance of the Company. The Board is aware that the tone and culture set by it will greatly impact all aspects of the Company as a whole and the way that employees behave. The corporate governance arrangements that the Board has adopted are designed to ensure that the Company delivers long term value to its shareholders, and that shareholders have the opportunity to express their views and expectations for the Company in a manner that encourages open dialogue with the Board.

Corporate governance report (continued)

for the Year Ended 31 December 2020

Principle	Application
Promote a corporate culture that is based on ethical values and behaviours (continued)	A large part of the Company's activities are centred upon an open and respectful dialogue with employees, clients and other stakeholders. Therefore, the importance of sound ethical values and behaviours is crucial to the ability of the Company to successfully achieve its corporate objectives. The Board places great importance on this aspect of corporate life and seeks to ensure that this flows through all that the Company does. The Directors consider that at present the Company has an open culture facilitating comprehensive dialogue and feedback and enabling positive and constructive challenge. All of the Company's policies are made available to all employees and are included in an employee handbook. These are 'Must Read Policies' which employees are required to read and acknowledge the policies and which Sandra Whelan, COO, monitors and updates where necessary. The Company also has an Anti-Bribery and Corruption Policy in place to ensure the highest standards of personal and professional ethical behaviour are adhered to. Additionally, as the Company conducts regular employee reviews and internal meetings and has a general close-knit working environment, the Directors are able to determine the extent to which ethical values and behaviours are recognised and respected. The Company has adopted, with effect from the date on which its shares were admitted to AIM, a code for Directors' and employees' dealings in securities which is appropriate for a company whose securities are traded on AIM and Euronext Growth and is in accordance with the requirements of the Market Abuse Regulation which came into effect in 2016. The Directors seek to align their interests with shareholders.
Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board	The Board is committed to, and ultimately responsible for, high standards of corporate governance, and has chosen to adopt the QCA Code. We review our corporate governance arrangements regularly and expect these to evolve over time, in line with the Company's growth. The Board delegates responsibilities to Committees and individuals as it sees fit, with the Chair being responsible for the effectiveness of the Board, and the Executive Directors being accountable for the management of the Company's business and primary contact with shareholders, clients and partners. The Chair is responsible for shareholder communications, the leadership of the Board and ensuring its effectiveness in all aspects of its role, including creating the right Board dynamic and ensuring that all important matters, in particular strategic decisions and corporate governance arrangements, receive adequate time and attention at Board meetings. The Executive Directors are responsible for the day-to-day running of the business, the leadership of the management team and the development and execution of corporate strategy. The Non-Executive Directors are tasked with constructively challenging the decisions of executive management and satisfying themselves that the systems of business risk management and internal financial controls are robust.

Principle	Application
Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board (continued)	The Board has adopted appropriate delegations of authority which sets out matters which are reserved to the Board. These are as follows: • Strategy and Management • Structure and Capital • Financial Reporting and Controls • Internal Controls • Finance • Contracts • Communications • Board Membership and other Appointments • Delegation of Authority • Corporate Governance Matters • Approval of Policies The Board delegates authority to three Committees to assist in meeting its business objectives whilst ensuring a sound system of internal control and risk management. The Committees meet independently of Board meetings. Audit Committee The Audit Committee has 3 members, Richard Cooper (Chair), Tony Hanway and Praveen Gupta. The CFO and external auditors attend meetings by invitation. The Audit Committee is responsible for making recommendations on the appointment of auditors and the audit fee, and for ensuring that the financial performance of the Company is properly monitored and reported. In addition, the Audit Committee will receive and review reports from management and the auditors relating to the interim report, the annual report and accounts and the internal control systems of the Company. The Audit Committee shall meet not less than twice each financial year. No separate Audit Committee report is presented to shareholders as the Board does not consider at present that this would improve the quality of communication with Shareholders given the simple structure of the Company. The Board will continue to review this approach. Remuneration Committee The Remuneration Committee has 3 members, Tony Hanway (Chair), Richard Cooper, and Harry Kloor. The members are all Independent Non-Executive Directors. Other members of the Board may attend the Committee's meetings at the request of the Committee Chairman. The Remuneration Committee is responsible for the review and recommendation of the scale and structure of remuneration of the Executive Directors, the Company Secretary, and such other members of the executive management as it is designated to consider, including any bonus arrangements or the award of share options with due regard to the interests of the Shareholders and the performance of the Company. The Remuneration Committee shall meet not less than twice a year.

Corporate governance report (continued)

for the Year Ended 31 December 2020

Principle	Application
Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board (continued)	**Remuneration Committee (continued)** No separate Remuneration Committee report is presented to shareholders as the Board does not consider at present that this would improve the quality of communication with Shareholders given the simple structure of the Company. The Board will continue to review this approach. Further details of Directors' Remuneration are included in Note 7 to the Financial Statements, see page 44. **Other Committees** Where previously the Board has appointed a Compliance Committee, the Group considers that matters of such importance should be dealt with by the Board as a whole, taking into account the opinions of both Executive and Non-Executive Directors. Compliance matters are included in a regular report put together by the Company Secretary and presented for discussion at every Board meeting. The Board has elected not to establish a Nominations Committee, preferring instead that the Board should, itself, deal with such matters, including succession planning and the balance of the Board. Therefore, the Board as a whole will continue to review Board composition. The Chair and the Board continue to monitor and evolve the Company's corporate governance structures and processes, and maintain that these will evolve over time, in line with the Company's growth and development.
Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders	The Board is committed to maintaining effective communication and having constructive dialogue with its shareholders to enable them to continue to make informed decisions. The Company intends to have ongoing relationships with both its private and institutional shareholders as well as shareholder analysts, and for them to have the opportunity to discuss issues and provide feedback at meetings with the Company. In addition, all shareholders are encouraged to attend the Company's Annual General Meeting, except where COVID-19 restrictions do not permit. The Board maintains that, if there is a resolution passed at a GM with 20% votes against, the Company will seek to understand the reason for the result and, where appropriate, take suitable action. The results of the 2020 AGM and all historical corporate documents (including previous Annual Reports) can be found on the Company's website. Investors also will have access to current information on the Company though its website, www.vreducationholdings.com.

Independent auditor's report to the members of VR education holdings plc

Opinion

We have audited the financial statements of VR Education Holdings Plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2020 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Statements of Financial Position, the Consolidated and Parent Company Statements of Changes in Equity, the Consolidated and Parent Company Statements of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is Irish law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2014.

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2020 and of the group's and parent company's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2014; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent company in accordance with ethical requirements that are relevant to our audit of financial statements in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority (IAASA) as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the director's assessment of the entity's ability to continue to adopt the going concern basis is included in the key audit matters section of our report.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Independent auditor's report to the members of VR Education Holdings plc (continued)

Our application of materiality

The materiality applied to the group financial statements was €135,000. This has been calculated using a benchmark of 5% of adjusted loss before tax which we have determined, in our professional judgement, to be the principal benchmark within the financial statements relevant to the members of the Group in assessing financial performance. The materiality applied to the parent company financial statements was €22,500 based upon 5% of the loss before tax. Performance materiality was 70% of overall materiality for the group and parent company.

We report to the Audit Committee all corrected and uncorrected misstatements we identified through our audit in excess of €6,750 for the group and parent company. We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

An overview of the scope of our audit

In designing our audit, we determined materiality and assessed the risk of material misstatement in the financial statements. In particular, we looked at areas involving significant accounting estimates and judgement by the directors and considered future events that are inherently uncertain. We also addressed the risk of management override of controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

The group and its one subsidiary are accounted for from a central location in Waterford, Ireland.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How the scope of our audit addressed the key audit matter
Valuation and recoverability of intangible assets (refer note 12) The group carries a material amount of intangible assets in relation to capitalised costs associated with the development of virtual reality experiences. As a result, the following risks arise: • Costs may have been incorrectly capitalised and not conform with all the 6 step criteria detailed in IAS 38. • The carrying value of the development cost may be overstated and not fully recoverable. • The amortisation period may not represent the useful economic lives of each developed product.	The work undertaken to mitigate the risks were as follows: • Verified the capitalised development costs meet the eligibility criteria detailed in IAS 38 for that given project. • Substantively tested additions in the year back to supporting documentation to include timesheet analysis and payroll records. • Recalculated amortisation charged in the year on a sample basis and confirmed in accordance with the disclosed accounting policy • Reviewed and challenged management's assessment of impairment for projects under development and, for those products which are commercially available, considered whether there are any indicators of impairment. We found the judgements used by management in their impairment assessment were reasonable.

Independent auditor's report to the members of VR Education holdings plc (continued)

Key Audit Matter	How the scope of our audit addressed the key audit matter
Going concern (refer note 2)	
The group and parent company are currently loss making. Additional funds may need to be raised during the going concern period in excess of those forecast from trading to enable product and business development to continue as planned.	The work undertaken to mitigate this risk was as follows: • Obtained and reviewed cash flow forecasts prepared for the period ending December 2025. We have tested and challenged management on the key assumptions underlying those forecasts, including sensitivity analysis and stress testing for the potential ongoing effects of COVID-19 and any shortfall in revenue, including mitigating actions. • Considered the accuracy of previous forecasts to actual results, particularly regarding development costs and revenue. • Checked and agreed the going concern disclosures in the financial statements.
Recoverability of investment in subsidiary and intercompany receivable in the Parent Company (refer notes 15 and 17)	
The parent company has a material carrying value of its investment in subsidiary undertaking, including the intercompany receivable. There is a risk that these balances are not fully recoverable and should be impaired.	The work undertaken to mitigate this risk was as follows: • Assessed the carrying values by reference to the subsidiary's underlying net assets and trading performance. • Assessed credit losses in accordance with IFRS 9 criteria and agreed payment terms. • Assessed recoverability with reference to the budgets and cash flow forecasts prepared for going concern purposes.

Independent auditor's report to the members of VR Education Holdings plc (continued)

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the group and parent company financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2014

In our opinion, based on the work undertaken in the course of the audit, we report that:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with the Companies Act 2014.

We have obtained all the information and explanations which we consider necessary for the purpose of our audit.

In our opinion, the accounting records of the Company were sufficient to permit the financial statements to be readily and properly audited and the financial statements are in agreement with the accounting records.

Matters on which we are required to report by exception

Based on the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

The Companies Act 2014 requires us to report to you if, in our opinion, the disclosures of directors' remuneration and transactions required by Sections 305 to 312 of the Act are not made. We have nothing to report in this regard.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the group and parent company financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the group and parent company financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to those directly impacting the preparation of the financial statements, such as the Companies Act 2014 and the AIM Rules. There are no significant laws and regulations currently impacting the trading activities of the group other than compliance with normal business contractual terms.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements, and determined that the principal risks related to management bias through judgements and assumptions in significant accounting estimates, and to posting inappropriate journal entries. The key audit matters section of our report explains the specific procedures performed in respect of the valuation and recoverability of intangible assets.

Our audit procedures performed included:

- Discussions with and inquiry of management and those charged with governance in relation to known or suspected instances of non-compliance with laws and regulations and fraud;
- Review of minutes from board and other committee meetings;
- Challenging assumptions and judgements made by management in their significant accounting estimates;
- Testing the appropriateness of journal entries and other adjustments, and evaluating the business rationale of any significant transactions that are unusual or outside the normal terms of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the IAASA's website at: https://www.iaasa.ie/Publications/Auditing-standards/

This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone, other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

David Thompson (Senior Statutory Auditor)
For and on behalf of PKF Littlejohn LLP
Statutory Auditor
25 February 2021

15 Westferry Circus
Canary Wharf
London E14 4HD

Communicate

Learn

Financial Statements

Consolidated statement of total comprehensive income

for the Year Ended 31 December 2020

	Note	2020	2019
Continuing Operations		**€**	**€**
Revenue	3	1,416,567	1,024,148
Cost of Sales	5	(403,622)	(401,487)
Gross Profit		**1,012,945**	**622,661**
Administrative Expenses	5	(3,734,071)	(2,555,449)
Operating Loss		**(2,721,126)**	**(1,932,788)**
Finance Costs	8	(7,316)	(6,998)
Loss before Income Tax		**(2,728,442)**	**(1,939,786)**
Income Tax credit	9	-	-
Total comprehensive loss for the year attributable to owners of the parent		**(2,728,442)**	**(1,939,786)**
Earnings per Share (EPS) attributable to owners of the parent			
Basic from continuing operations	10	(0.012)	(0.010)

The accompanying notes on pages 35-54 form an integral part of these financial statements.

Consolidated statement of financial position

for the Year Ended 31 December 2020

	Note	2020	2019
		€	€
Non-Current Assets			
Property, Plant & Equipment	11	83,834	115,930
Intangible Assets	12	964,126	1,433,733
		1,047,960	1,549,663
Current Assets			
Trade and other receivables	14	358,277	204,904
Cash and short-term deposits	15	2,032,717	1,292,852
		2,390,994	1,497,756
Total Assets		**3,438,954**	**3,047,419**
Equity and Liabilities			
Equity Attributable to Shareholders			
Issued share capital	16	241,751	193,136
Share premium	16	24,547,516	21,587,539
Other reserves	17	(11,337,058)	(11,287,395)
Retained earnings	18	(10,429,815)	(7,705,536)
Total Equity		**3,022,394**	**2,787,744**
Non-Current Liabilities			
Lease liabilities		20,392	34,057
Current Liabilities			
Trade and other payables	20	357,421	192,893
Lease liabilities		38,747	32,725
		396,168	225,618
Total Liabilities		**416,560**	**259,675**
Total Equity and Liabilities		**3,438,954**	**3,047,419**

The accompanying notes on pages 35-54 form an integral part of these financial statements.

On behalf of the board

Sandra Whelan
Director

25 February 2021

Séamus Larrissey
Director

25 February 2021

Company statement of financial position

for the Year Ended 31 December 2020

	Note	2020	2019
		€	€
Non-Current Assets			
Investment in subsidiaries	13	15,028,809	15,028,809
Other receivables	14	8,184,821	-
		23,213,630	15,028,809
Current Assets			
Trade and other receivables	14	20,041	5,353,433
Cash and short-term deposits	15	578,420	166,411
		598,461	5,519,844
Total Assets		**23,812,091**	**20,548,653**
Equity and Liabilities			
Equity Attributable to Shareholders			
Issued share capital	16	241,751	193,136
Share premium	16	24,547,516	21,587,539
Other reserves	17	(247,188)	(194,087)
Retained earnings	18	(791,234)	(1,173,957)
Total Equity		**23,750,845**	**20,412,631**
Current Liabilities			
Trade and other payables	20	61,246	136,022
Total Liabilities		**61,246**	**136,022**
Total Equity and Liabilities		**23,812,091**	**20,548,653**

The accompanying notes on pages 35-54 form an integral part of these financial statements.

On behalf of the board

Sandra Whelan
Director

25 February 2021

Séamus Larrissey
Director

25 February 2021

Consolidated statement of changes in equity

for the Year Ended 31 December 2020

	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**

	Share Capital	Share Premium	Other Reserves	Retained Earnings	Total
	€	€	€	€	€
Balance at 1 January 2020	193,136	21,587,539	(11,287,395)	(7,705,536)	2,787,744
Total comprehensive income					
Loss for the year	-	-	-	(2,728,442)	(2,728,442)
Total comprehensive income	-	-	-	(2,728,442)	(2,728,442)
Transactions with owners recognised directly in equity					
New shares issued	48,615	2,959,977	-	-	3,008,592
Share issue costs	-	-	(70,720)	-	(70,720)
Share option expense	-	-	21,057	4,163	25,220
Balance at 31 December 2020	**241,751**	**24,547,516**	**(11,337,058)**	**(10,429,815)**	**3,022,394**

The accompanying notes on pages 35-54 form an integral part of these financial statements.

Company statement of changes in equity

for the Year Ended 31 December 2020

	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**

	Share Capital	Share Premium	Other Reserves	Retained Earnings	Total
	€	€	€	€	€
Balance at 1 January 2020	193,136	21,587,539	(194,087)	(1,173,957)	20,412,631
Total comprehensive income					
Profit for the year	-	-	-	382,723	382,723
Total comprehensive income	-	-	-	382,723	382,723
Transactions with owners recognised directly in equity					
New shares issued	48,615	2,959,977	-	-	3,008,592
Share issue costs	-	-	(70,720)	-	(70,720)
Share option expense	-	-	17,619	-	17,619
Balance at 31 December 2020	**241,751**	**24,547,516**	**(247,188)**	**(791,234)**	**23,750,845**

The accompanying notes on pages 35-54 form an integral part of these financial statements.

Consolidated statement of cash flows

for the Year Ended 31 December 2020

	Note	2020	2019
Continuing Operations		**€**	**€**
Loss before income tax		(2,728,442)	(1,939,786)
Adjustments to reconcile loss before tax to net cash flows:			
Depreciation of fixed assets	5	70,747	81,108
Amortisation of intangible assets	5	583,829	412,976
Finance Costs	8	7,316	6,998
Share Option Expense		25,222	27,334
Movement in trade & other receivables		(153,373)	189,210
Movement in trade & other payables		164,528	(2,302)
		(2,030,173)	(1,224,462)
Bank interest & other charges paid		(7,316)	(6,998)
Net Cash used in Operating Activities		**(2,037,489)**	**(1,231,460)**
Cash Flows from Investing Activities			
Purchases of property, plant & equipment	11	(12,852)	(35,793)
Payments to develop Intangible Assets	12	(114,222)	(890,159)
Net cash used in investing activities		**(127,074)**	**(925,952)**
Cash Flows from Financing Activities			
Proceeds from issuance of ordinary shares		2,937,872	-
Payment of lease liabilities		(33,444)	(34,922)
Net cash generated / (used) from financing activities		**2,904,428**	**(34,922)**
Net increase / (decrease) in cash and cash equivalents		**739,865**	**(2,192,334)**
Cash and cash equivalents at beginning of year	15	1,292,852	3,485,186
Cash and cash equivalents at end of year	15	**2,032,717**	**1,292,852**

The accompanying notes on pages 35-54 form an integral part of these financial statements.

Company statement of cash flows

for the Year Ended 31 December 2020

	Note	2020	2019
Continuing Operations		**€**	**€**
Profit/(loss) before income tax		382,723	(486,370)
Adjustments to reconcile loss before tax to net cash flows:			
Finance Costs		521	348
Share Option Expense		17,619	18,276
Movement in trade & other receivables		(2,851,429)	(216,584)
Movement in trade & other payables		(74,776)	97,999
		(2,525,342)	(586,331)
Bank interest & other charges paid		(521)	(348)
Net Cash used in Operating Activities		**(2,525,863)**	**(586,679)**
Cash Flows from Investing Activities			
Cash Flows from Financing Activities			
Proceeds from issuance of ordinary shares		2,937,872	-
Net cash generated from financing activities		2,937,872	-
Net increase / (decrease) in cash and cash equivalents		412,009	(586,679)
Cash and cash equivalents at beginning of year	15	166,411	753,090
Cash and cash equivalents at end of year	15	**578,420**	**166,411**

The accompanying notes on pages 35-54 form an integral part of these financial statements.

Notes to the 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. 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.

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. The consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union issued by the International Accounting Standards Board ("IASB") including related interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

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 2020. 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.

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 to 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.

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 Investment 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 following 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:

ENGAGE Revenue
The Group is primarily focused on developing a proprietary VR platform which is sold through licences and professional services revenue. This is considered "ENGAGE Revenue" for reporting purposes. Revenue is recognised when the license is delivered to the customer, or when all performance obligations have been achieved.

Showcase Experiences
The Group also develops 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.

Other Revenue
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

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 in relation to Showcase Experiences are amortised over their estimated useful lives based on the pattern of consumption of the underlying economic benefits. The ENGAGE platform is amortised on a straight line basis over 3 years. 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.

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 recognised as a credit against related costs on a cash receipts basis.

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 2020:

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

There has been no material impact on the financial statements as a result of the adoption of the new and amended standards.

There are no new and revised IFRSs that have been issued but are not yet effective that the Directors believe are expected to have a material impact on the Group and Company.

3. Segment Reporting

	2020	2019
Revenue by Type	€	€
Showcase experience revenue	750,235	806,408
ENGAGE revenue	599,362	92,141
Other revenue	66,970	125,599
Total Revenue	**1,416,567**	**1,024,148**

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	**2020**	**2019**
	€	€
Lease liabilities	(59,139)	(66,782)
Trade and other payables	(357,421)	(192,893)
Less: cash and short-term deposits	2,032,717	1,292,852
Net Funds	**1,616,157**	**1,033,177**
Equity	3,022,394	2,787,744
Total Equity	**3,022,394**	**2,787,744**
Capital and net funds	**4,638,551**	**3,820,921**

5.a Expenses by nature

	2020	2019
	€	€
Depreciation charges	70,747	81,108
Amortisation expense	583,829	412,976
Operating Lease Payments	11,275	7,709
Foreign Exchange (Loss) / Gain	24,412	(12,184)
Staff Costs (note 6)	2,256,294	1,268,130
Other Expenses	1,305,358	2,089,356
	4,251,915	**3,847,095**
Wages and salaries capitalised	(115,138)	(811,205)
Other expenses capitalised	916	(78,954)
Total cost of sales and administrative expenses	**4,137,693**	**2,956,936**

5.a Expenses by nature (continued)

	2020	2019
	€	€
Disclosed as:		
Cost of sales	403,622	401,487
Administrative expenses	3,734,071	2,555,449
Total cost of sales and administrative expenses	**4,137,693**	**2,956,936**

5.b Auditor Remuneration

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

	2020	2019
	€	€
Fees payable to the Company's auditor for the audit of the financial statements	44,444	47,509
Tax	-	4,213

6. Employees

Employee Benefit Expense	2020	2019
	€	€
Wages and salaries	2,111,980	1,846,750
Social security costs	214,326	188,440
Defined contribution pension costs	19,904	16,811
Share option expense	25,222	27,334
Capitalised employee costs	(115,138)	(811,205)
Total Employee Benefit Expense	**2,256,294**	**1,268,130**

Average Number of People Employed	2020	2019
Average number of people (including executive Directors) employed:		
Operations	34	30
Administration	3	3
Marketing	2	4
Total Average Headcount	**39**	**37**

7. Directors remuneration

Below is the Directors' remuneration for the year ended 31 December 2019 and for the year ended 31 December 2020

	31 December 2020			
Group	**Salaries and fees**	**Pension benefits**	**Options issued**	**Total**
	€	**€**	**€**	**€**
Executive Directors				
David Whelan	146,255	3,437	-	149,692
Sandra Whelan	110,115	3,675	-	113,790
Séamus Larrissey	110,635	4,875	919	116,429
Non-executive Directors				
Richard Cooper	68,295	-	16,700	84,995
Michael Boyce	18,071	-	-	18,071
Tony Hanway	31,715	-	-	31,715
Praveen Gupta	-	-	-	-
Harry Kloor	8,974	-	-	8,974
	494,060	**11,987**	**17,619**	**523,666**

	31 December 2019			
Group	**Salaries and fees**	**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
At 31 December 2019	**567,464**	**10,425**	**18,276**	**596,165**

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 19.

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.

8. Finance Costs

	2020	2019
	€	€
Interest expense:		
- Lease interest	3,445	4,988
- Bank charges	3,871	2,010
Total finance costs	**7,316**	**6,998**

9. Income Tax

	2020	2019
	€	€
Current tax:		
Current tax on loss for the year	-	-
Total current tax	-	-
Deferred tax (Note 21)	-	-
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:

	2020	2019
	€	€
Loss Before Tax	(2,728,442)	(1,939,786)
Tax calculated at domestic tax rates applicable to loss in Ireland of 12.5%	(341,055)	(242,473)
Tax effects of:		
- Depreciation in excess of capital allowances	5,868	7,364
- Expenses not deductible for tax purposes	66,642	45,449
- Tax losses for which no deferred tax asset was recognised	268,545	189,660
Total tax	-	-

10. Earnings per share (EPS)

	2020	2019
Loss attributable to equity holders of the Group:	€	€
Continuing Operations	(2,728,442)	(1,939,786)
Weighted average number of shares for Basic EPS	241,750,955	193,136,406
Basic loss per share from continuing operations	(0.012)	(0.010)

11. Property, Plant & Equipment

Group	Leasehold improvements	Fixtures, fittings and equipment	Office Equipment	Right of use assets	Total
	€	€	€	€	
Cost of Valuation					
At 1 January 2019	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
Additions	-	-	12,852	25,799	38,651
Disposals	-	-	-	(15,470)	(15,470)
At 31 December 2020	**20,341**	**7,025**	**178,883**	**156,031**	**362,280**
Depreciation					
At 1 January 2019	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
Charge (note 5)	4,607	1,125	31,572	33,443	70,747
Disposals	-	-	-	(15,470)	(15,470)
At 31 December 2020	**17,105**	**6,062**	**158,387**	**96,892**	**278,446**
Net Book Amount					
At 31 December 2019	7,843	2,088	39,216	66,783	115,930
At 31 December 2020	**3,236**	**963**	**20,496**	**59,139**	**83,834**

Depreciation expense of €70,747 (2019: €81,108) has been charged in 'Administrative Expenses'.

12. Intangible Assets

Group	Software in development costs	Total
	€	€
Cost		
At 1 January 2019	1,131,850	1,131,850
Additions	890,159	890,159
At 31 December 2019	2,022,009	2,022,009
Additions	114,222	114,222
At 31 December 2020	**2,136,231**	**2,136,231**
Amortisation		
At 1 January 2019	175,300	175,300
Charge	412,976	412,976
At 31 December 2019	588,276	588,276
Charge	583,829	583,829
At 31 December 2020	**1,172,105**	**1,172,105**
Net Book Value		
At 31 December 2019	1,433,733	1,433,733
At 31 December 2020	**964,126**	**964,126**

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 launched during 2020 and amortisation commenced during the period.

Amortisation expense of €583,829 (2019: €412,976) has been charged in 'Administrative Expenses'.

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

13. Investments in Subsidiaries

Company	€
At 1 January 2019	15,028,809
Additions	-
At 31 December 2019	**15,028,809**
Additions	-
At 31 December 2020	**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.

14. Trade and Other Receivables

Non-Current		Group		Company
	2020	2019	2020	2019
	€	€	€	€
Amounts due from related parties	-	-	8,184,821	-
	-	**-**	**8,184,821**	**-**

Amounts due from related parties relates to an intercompany loan agreement entered into on 1 January 2020 between the parent company and the subsidiary undertaking. The interest rate on this agreement is 14% per annum and the loan is due for repayment no later than the date falling 10 years from the date of the agreement.

14. Trade and Other Receivables (continued)

	Group		Company	
Current	**2020**	**2019**	**2020**	**2019**
	€	**€**	**€**	**€**
Trade receivables	286,469	146,649	-	-
Less: provision for impairment of receivables	-	-	-	-
Trade receivables - net	**286,469**	**146,649**	**-**	**-**
Amounts due from related parties	-	-	-	5,337,389
Prepayments	68,708	53,047	19,994	16,044
Other debtors	3,100	3,775	-	-
VAT	-	1,433	47	-
	358,277	**204,904**	**20,041**	**5,353,433**

As at 31 December 2020, trade receivables of €286,469 (2019: €146,649) were fully performing and deemed fully recoverable. No bad debt provision charge was incurred during 2020 (2019: €Nil).

The Group assesses exposure to credit risk arising from outstanding receivables on an annual basis. The maximum exposure to credit risk at the reporting date is the carrying value of each of the receivables above.

The Group does not expect any losses from outstanding receivables in the current year.

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

	Group		Company	
Current	**2020**	**2019**	**2020**	**2019**
	€	**€**	**€**	**€**
Euro - Neither past due nor impaired	132,515	35,828	-	-
Dollar - Neither past due nor impaired	153,954	110,821	-	-
	286,469	**146,649**	**-**	**-**

15. Cash and short-term deposits

		Group		Company
Current	**2020**	**2019**	**2020**	**2019**
	€	**€**	**€**	**€**
Cash at bank and on hand	2,032,717	1,292,852	578,420	166,411
	2,032,717	**1,292,852**	**578,420**	**166,411**

16. Issued Share Capital and Premium

	Number of shares	Ordinary shares	Share premium	Total
		€	**€**	**€**
At 1 January 2019 and at 31 December 2019	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 2020	**241,750,955**	**241,751**	**24,547,516**	**24,789,267**

As at 31 December 2020 the number of shares authorised for issue were 241,750,955 (2019: 193,136,406)

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 €8,592.

17. Other Reserves

	Group	Company
	€	**€**
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)**
At 1 January 2020	(11,287,395)	(194,087)
Share issue costs	(70,720)	(70,720)
Share option expense	21,057	17,619
At 31 December 2020	**(11,337,058)**	**(247,188)**

18. Retained Earnings

	Group	Company
	€	€
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)**

At 1 January 2020	(7,705,536)	(1,173,957)
Loss/(profit) for the year	(2,728,442)	382,723
Share option expense – transfer on exercise	4,163	-
At 31 December 2020	**(10,429,815)**	**791,234**

19. 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.

There were 200,000 (2019: 133,089) employee options granted during 2020 at an exercise price of €0.10 (2019: €0.10) 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.

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

	2020	2019
At 1 January	4,465,526	4,425,028
Granted during period	200,000	133,089
Exercised during period	(330,447)	-
Forfeited during period	(37,037)	(92,591)
At 31 December	**4,298,042**	**4,465,526**

Options outstanding at 31 December		
Number of shares	4,298,042	4,465,526
Weighted average remaining contractual life	2.05 years	2.79 years
Weighted average exercise price per share	€0.031	€0.028
Range of exercise price	€0.0001 – €0.135	€0.0001 – €0.135

Exercisable at 31 December		
Number of shares	2,783,473	2,658,450
Weighted average exercise price per share	**€0.026**	**€0.028**

19. Share Based Payments (continued)

330,447 options were exercised during the period at a price of €0.026 per share. The weighted average exercise price of options granted during the period was €0.10 (2019: €0.11). The expense recognised in respect of employee share-based payment expense and credited to the share-based payment reserve in equity was €21,057 (2019: €27,334).

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 Black Scholes valuation model.

	Employee	**Employee**
Number of options / warrants	100,000	100,000
Grant date	14 September	10 December
Vesting period	3 years	3 years
Share price at date of grant	£0.1375	£0.1525
Exercise price	€0.10	€0.10
Volatility	57%	57%
Option life	7 years	7 years
Dividend yield	0%	0%
Risk free investment rate	0.14%	0.14%
Fair value per option at grant date	€0.063	€0.102
Weighted average remaining contractual life in years	6.71	6.95

The expected life is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumptions that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

20. Trade and Other Payables

		Group		**Company**
	2020	**2019**	**2020**	**2019**
	€	**€**	**€**	**€**
Trade Payables	24,156	25,709	9,022	10,109
PAYE/PRSI	70,106	45,739	18,150	13,276
VAT	2,004	-	-	101,126
Accrued Expenses	261,155	121,445	34,074	11,511
	357,421	**192,893**	**61,246**	**136,022**

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

21. 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 €899,370 (2019: €556,688) in respect of losses and depreciation in excess of capital allowances amounting to €7,194,960 (2019: €4,453,504) that can be carried forward against future taxable income.

22. Related Parties

During the year the Directors received the following emoluments:

	Group		Company	
	2020	**2019**	**2020**	**2019**
	€	**€**	**€**	**€**
Directors				
Aggregate emoluments	494,059	549,181	494,059	549,181
Share option expense	17,619	18,276	17,619	18,276
	511,678	**567,457**	**511,678**	**567,457**

Included in the above is an amount of €68,295 (2019: €51,516) 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 2020 €Nil was outstanding.

23. Events after the reporting date

The Company has evaluated all events and transactions that occurred after 31 December 2020 up to the date of signing of the financial statements.

No material subsequent events have occurred that would require adjustment to or disclosure in the financial statements.

24. Contingent Liabilities

The company has indicated that it will guarantee the liabilities (as defined in Section 397 of the Companies Act 2014) of its Irish subsidiary, Immersive VR Education Limited for the year ended 31 December 2020.

25. Ultimate controlling party

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

VR EDUCATION HOLDINGS

VR Education Holdings PLC

Unit 9 Cleaboy Business Park
Old Kilmeaden Road
Waterford
X91 Ax83
Ireland

Tel: +353-51-585-837
Web: immersivevreducation.com
Email: info@immersivevreducation.com