

Commentary on Full Year Results

The Directors of Victor Group Holdings Limited (“Victor Group” or “the Company”) and its controlled entities (“the Group”) hereby present the Company’s Appendix 4E – Preliminary Final Report. Through this report, the Board seeks to provide an update to its Shareholders and the market on the results achieved for the financial year ended 30 June 2023. It should be noted that the group’s financial reporting period is from 1 July 2022 through 30 June 2023.

The Victor Group realised a loss of \$803,951 for the reporting financial year. Total revenue has decreased by 29% to \$7,691,165. The net assets of the group are \$10,497,157 on 30 June 2023 which is \$1,281,853 lower than the prior year. The decrease of the revenue was affected by the slowdown in China's economic growth after the Pandemic and weak demand in the software industry. The company's revenue reduced due to its transformation from a software inventory sales provider to a development and operation services provider.

About Victor Group Holdings Limited

Victor Group Holdings Limited is the parent company of Synergy One Holdings Limited (a company incorporated in Cayman) which in turn has wholly-owned subsidiaries incorporated in the BVI, HK and PRC. Together, these companies make up the Victor Group.

Victor Group provides SaaS, PaaS & IaaS, Education cloud platforms which bring together best-in-class resources and applications from strategic partners such as education service and e-learning content providers, and a wide range of e-learning solutions for educational institutions, students, and parents.

Education Cloud Platforms are digital educational resources sharing vehicles enabled by cloud computing and other technologies. They connect with online learning spaces and intelligent terminals to provide users with various support functions for teaching, learning, research, administration and social interactions, thereby facilitating full and deep integration of information technologies and learning.

Appendix 4E

Preliminary Final Report to the Australian Securities Exchange

The following information has been prepared in accordance with ASX Listing rule 4.3A and disclosure requirements of Appendix 4E.

Part 1

Name of Entity	Victor Group Holdings Limited
ABN	21 165 378 834
Financial Period	Year ended 30 June 2023
Previous Corresponding Reporting Period	Year ended 30 June 2022

Part 2 – Results for Announcement to the Market

	\$	Percentage increase /(decrease) over previous corresponding period
Revenue from operations	7,691,165	(29%)
Loss from ordinary activities after tax attributable to the owners of Victor Group Holdings Limited	(803,951)	(603%)
Loss attributable to the owners of Victor Group Holdings Limited	(803,951)	(603%)

Dividends (distributions)	Amount per security	Franked amount per security
Final Dividend	Nil	Nil
Interim Dividend	Nil	Nil
Record date for determining entitlements to the dividends (if any)	Not Applicable	

Brief explanation of any of the figures reported above necessary to enable the figures to be understood.

Please refer to Part 12.

Part 3 – Contents of ASX Appendix 4E

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Part 4 – Consolidated Statement of Profit or Loss and Other Comprehensive Income

	2023 (\$)	2022 (\$)
Revenue from continuing operations	7,691,165	10,766,218
Cost of Sales	(6,345,715)	(7,778,182)
Gross profit	1,345,450	2,988,036
Other Income	1,000	1,322
General and administrative expenses	(2,150,016)	(1,941,838)
Loss on disposal of non-current assets	-	(1,049,186)
Finance Costs	(385)	(558)
Loss before income tax from continuing operations	(803,951)	(2,224)
Income tax (expense)/benefit	-	(112,197)
Loss from continuing operations	(803,951)	(114,421)
Loss before income tax from discontinued operations	-	-
Loss for the year	(803,951)	(114,421)
Other Comprehensive Income/(loss) for the year		
Items that may be reclassified subsequently to profit or loss:		
Exchange (loss)/gain differences arising on the translation of foreign operations	(365,897)	614,866
Foreign exchange translation reserve released upon disposal of subsidiaries	-	-
Total Comprehensive Income/(loss) for the year	(1,169,848)	500,445
Loss Attributable to the:		
Owners of the Parent	(803,951)	(114,421)
Non-controlling interest	-	-
Loss for the year	(803,951)	(114,421)
Total Comprehensive Income/(loss) attributable to the:		
Owners of the Parent	(1,169,848)	500,445
Non-controlling interest	-	-
Total Comprehensive Income/(loss) for the year	(1,169,848)	500,445
	Cents	Cents
Loss per share (on loss attributable to ordinary equity holders)		
Basic loss per share (cents per share)		
Earnings from continuing operations	(0.14)	(0.02)
Profit/(Loss) from discontinued operations	-	-
Total	(0.14)	(0.02)

Part 5 – Consolidated Statement of Financial Position

	2023 (\$)	2022 (\$)
CURRENT ASSETS		
Cash and cash equivalents	766,726	688,224
Trade and other receivables	2,309,458	1,133,983
Inventory	-	-
Prepayments	280,964	345,998
TOTAL CURRENT ASSETS	3,357,148	2,168,205
NON-CURRENT ASSETS		
Property, plant and equipment	1,253,885	3,880,980
Intangible assets	8,452,382	6,780,037
Right-of-use assets	707,665	705,324
Investment in associate	-	-
TOTAL NON-CURRENT ASSETS	10,413,932	11,366,341
TOTAL ASSETS	13,771,080	13,534,546
CURRENT LIABILITIES		
Trade and other payables	2,259,676	1,027,936
Contract liabilities	346,586	347,693
Income tax payable	368,171	349,172
Employee benefits	291,777	24,022
TOTAL CURRENT LIABILITIES	3,266,210	1,748,823
NON-CURRENT LIABILITIES		
Employee benefits	7,713	6,713
TOTAL NON-CURRENT LIABILITIES	7,713	6,713
TOTAL LIABILITIES	3,273,923	1,755,536
NET ASSETS	10,497,157	11,779,010
EQUITY		
Issued capital	5,494,446	5,494,446
Foreign exchange translation reserve	307,105	673,002
Statutory reserves	557,514	557,514
Retained earnings	4,138,092	5,054,048
TOTAL EQUITY ATTRIBUTABLE TO MEMBERS	10,497,157	11,779,010
Non-controlling interests	-	-
TOTAL EQUITY	10,497,157	11,779,010

Part 6 – Consolidated Statement of Cash Flows

	2023	2022
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	6,702,000	12,407,143
Government grants and tax incentives	708,000	-
Payments to suppliers and employees	(5,931,000)	(7,802,105)
Interest received	1,000	1,322
Finance costs paid	-	(558)
Income taxes refunded/(paid)	(4,000)	236,975
Total operating cash flows	<u>1,476,000</u>	<u>4,842,777</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of non-current assets	(1,425,000)	(5,447,639)
Capital contributions received from investment	-	-
Net cash outflow on disposal of subsidiaries	-	-
Total investing cash flows	<u>(1,425,000)</u>	<u>(2,004,264)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Issue of shares	-	-
(Repayment to)/advance from related party	434,000	367,000
(Repayment to)/borrowings from non-related parties	(379,000)	(737,085)
Total financing cash flows	<u>55,000</u>	<u>(370,085)</u>
Net increase/ (decrease) in cash held	106,000	(974,947)
Cash at beginning of financial year	688,224	1,179,633
Effect of exchange rates on cash holdings in foreign currencies	(27,498)	483,538
Cash at end of financial year	<u>766,726</u>	<u>688,224</u>

Part 7 – Retained Earnings

	2023	2022
	\$	\$
Retained Earnings at the beginning of the year	5,054,048	5,168,469
Net Loss attributable to owners of the company	(803,951)	(114,421)
Retained Earnings at the end of the year	<u>4,250,097</u>	<u>5,054,048</u>

Part 8 – Details Relating to Dividends

Date the dividend is payable	N/A
Record date to determine entitlement to the dividend	N/A
Amount per security	N/A
Total dividend	N/A
Amount per security of foreign sourced dividend or distribution	N/A
Details of any dividend reinvestment plans in operation	N/A
The last date for receipt of an election notice for participation in any dividend reinvestment plans	N/A

Part 9 – Net Tangible Assets per security

	2023	2022
Net tangible (liability) asset backing per ordinary security	0.04 cents	0.09 cents

Part 10 – Foreign Entities Disclosure

The financial report is a general-purpose financial report that has been prepared in accordance with the Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

All amounts are denominated in Australian Dollars unless otherwise stated.

Part 11 – Reserves

Statutory Reserve	557,514	557,514
Foreign Currency Translation Reserve	307,105	673,002
	<u>864,619</u>	<u>1,230,516</u>

Pursuant to the current People's Republic of China Company Law, the Company is required to transfer 10% of its profit after taxation to statutory reserve until the surplus reserve balance reaches minimal 50% of the registered capital.

For the purpose of calculating the transfer to this reserve, the profit after taxation shall be the amount determined under the People's Republic of China accounting standards. The transfer to this reserve must be made before the distribution of dividends to the shareholders.

Foreign Currency Translation Reserve

The foreign currency translation reserve represents exchange differences arising from translation of the parent entity's subsidiaries functional currency (RMB) into the presentation currency of the Group (AUD).

Part 12 – Commentary to Financial Results

Overview of results

For the year ended 30 June 2023 sales revenue decreased by \$3,075,053 and gross profit decreased by \$1,642,586, while the group still realised \$803,951 loss from operations (30 June 2022: \$114,421). The increase in loss and decrease in sales revenue are largely due to the challenging economic conditions faced in the 2023 financial year.

A significant amount of depreciation and amortization expenses were also incurred because of the large investment in two integrated servers in the last year. The servers will also increase scalability and reduce costs. Additionally, they will enable the company to better manage customer data and increase customer engagement. The board is focused on maintaining financial discipline and efficient capital allocation to maximize returns for shareholders.

The group recorded a \$766,726 cash or cash equivalents position at the end of the financial period (30 June 2022: \$688,224). Management is confident that the cash flow will be sufficient to meet the group's operational and financial requirements. The group has no long-term debt and no immediate requirement to raise additional capital. Management expects a prosperous future for the online education market in Australia and intends to explore the local market to continually refine strategy.

Significant Changes in the State of Affairs

There have been no other significant changes in the state of affairs of the parent entity during the financial year or prior year.

Part 13 – Profit/(Loss) per share

	2023	2022
Basic loss per share		
Ordinary shares	(0.17 cents)	(0.02 cents)
	No.	No.
Weighted average number of ordinary shares used as the denominator in the calculation of basic earnings per share.	572,226,672	572,226,672
Diluted loss per share		
Diluted ordinary shares		
	No.	No.
Weighted average number of ordinary shares used as the denominator in the calculation of basic earnings per share.	572,226,672	572,226,672

Part 14– Subsequent Events

There have been no events subsequent to balance date which would have a material effect on the group's financial statements as at 30 June 2023.

Part 15 – Audit Status

This report is based on accounts to which one of the following applies:
(Tick one)

The accounts have been audited		The accounts have been subject to review	
The accounts are in the process of being audited or subject to review	✓	The accounts have not yet been audited or reviewed	

If the accounts have not yet been audited and are likely to contain an independent audit report that is subject to a modified opinion, emphasis of matter or other matter paragraph, a description of the modified opinion, emphasis of matter or other matter paragraph.

The accounts are in the process of being audited and on publication of the audited financial statements in September 2023. At the date of this Preliminary Financial Report, the group is not aware of any matter which would lead to an emphasis of matter or modified opinion.

If the accounts have been audited and contain an independent audit report that is subject to a modified opinion, emphasis of matter or other matter paragraph, a description of the modified opinion, emphasis of matter or other matter paragraph.

Not Applicable