
30 September 2024

Disclosure under Listing Rule 4.3D

Reconciliation of the Audited Financial Statements to the Unaudited Preliminary Final Report (Appendix 4E)

Victor Group Holdings Limited (ASX:VIG) advises that the audited financial statements for the year ended 30 June 2024 released today include changes to the unaudited preliminary final report released on 30 August 2024.

The changes are non-cash and relate to the accounting treatment of prepayments for intangibles, receivables, contract assets, plant and equipment and software on the balance sheet.

These changes comprise an increase to the loss after tax of \$2,445,249, a reduction in current assets by \$2,268,982, and a corresponding increase to non-current assets of \$946,098. The overall change to net assets was a reduction of \$2,417,939 owing to a significant decrease in trade receivables after audit adjustments.

The consolidated statement of profit or loss and other comprehensive income has an increase to the Loss before income tax of \$2,445,249 owing to an increase in the Pre-customer preparation expenses. Pre-customer preparation expenses comprise of costs incurred by the consolidated entity as part of planned customised software in advance of customer contracts being agreed. They represent the purchase of the right to use the underlying code of pre-existing softwares and to use this code to customise and develop their own copyrighted software products which are subsequently sold to third parties, in advance of any agreed contracts with third parties in place to purchase the newly customised and copyrighted software. Pre-customer preparation expenses also include the costs incurred to customise the underlying code by outsourced third parties.

As the consolidated entity has only purchased the right to use the underlying code of pre-existing softwares and do not own the copyright of this, they do not hold ownership of the underlying code to which they have purchased the right to use. This, in addition to there not being an established market for the customised software due to the absence of a contract with a customer and the bespoke software that will be developed has resulted in these costs not being capitalised under AASB 138 para 57 and no asset has been recognised on the balance sheet. Rather, these costs have been expensed to the statement of profit or loss.

The audited financial statements now show that the prepayments for the right-of-use assets, and prepayments for plant and equipment and software have now been reclassified to non-current assets from the previously reported current assets.

The reconciliation of the unaudited preliminary final report to the audited financial statements is set out in the tables below:

Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Previously Reported 2024	Adjustments	Audited Balance 2024
	\$		\$
Operating revenue	10,442,993	(1,944,739)	8,498,254
Cost of sales	<u>(8,893,394)</u>	2,687,031	<u>(6,206,363)</u>
Gross profit	1,549,599	742,292	2,291,891
Gain on sale of intangible assets	333,832	(58,466)	275,366
Employee benefits expense	(172,345)	(50,400)	(222,745)
General and administrative expenses	(184,812)	(65,452)	(250,264)
Depreciation and amortisation	(1,643,916)	(58,800)	(1,702,716)
Impairment for expected credit loss	-	-	-
Pre-customer preparation expense	(967,908)	(2,954,423)	(3,922,331)
Finance costs	<u>(427)</u>	-	<u>(427)</u>
Loss before income tax expense	(1,085,977)	(2,445,249)	(3,531,226)
Income tax expense	-	-	-
Loss after income tax expense for the year attributable to the owners of Victor Group Holdings Limited	(1,085,977)	(2,445,249)	(3,531,226)
Other Comprehensive Income for the Year, Net of Tax			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange (loss)/gain differences arising on the translation of foreign operations	125,228	27,310	152,538
Total Comprehensive Income for the year	<u>(960,749)</u>	(2,417,939)	<u>(3,378,688)</u>
Loss per share attributable to ordinary equity holders	Cents		Cents
Basic loss per share	(0.19)		(0.62)
Diluted (loss) per share	(0.19)		(0.62)

Consolidated Statement of Financial Position

	Previously Reported 2024 \$	Adjustments	Audited Balance 2024 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	1,332,258	-	1,332,258
Trade and other receivables	5,743,054	(2,775,111)	2,967,943
Prepayments		694,296	694,296
Contract Assets	941,896	(188,167)	753,729
TOTAL CURRENT ASSETS	8,017,208	(2,268,982)	5,748,226
NON-CURRENT ASSETS			
Non-current receivables	-	-	-
Property, plant and equipment	1,132,880	(18,572)	1,114,308
Right-of-use assets	356,372	(1)	356,371
Intangible assets	5,536,430	964,671	6,501,101
TOTAL NON-CURRENT ASSETS	7,025,682	946,098	7,971,780
TOTAL ASSETS	15,042,890	(1,322,884)	13,720,006
CURRENT LIABILITIES			
Trade and other payables	4,715,682	959,196	5,674,878
Contract liabilities	681,182	403,747	1,084,929
Income tax payable	584,226	(267,889)	316,337
Employee benefits	40,636	1	40,637
TOTAL CURRENT LIABILITIES	6,021,726	1,095,055	7,116,781
NON-CURRENT LIABILITIES			
NC Employee benefits	10,514	-	10,514
TOTAL NON-CURRENT LIABILITIES	10,514	-	10,514
TOTAL LIABILITIES	6,032,240		7,127,295
NET ASSETS	9,010,650	(2,417,939)	6,592,711
EQUITY			
Issued capital	5,494,446	-	5,494,446
Foreign exchange translation reserve	297,752	27,310	325,062
Statutory reserves	557,514	-	557,514
Retained earnings	2,660,938	(2,445,249)	215,689
TOTAL EQUITY ATTRIBUTABLE TO MEMBERS	9,010,650	(2,417,939)	6,592,711

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