

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 2022. It should be noted that the group’s financial reporting period is from 1 July 2021 through 30 June 2022.

The Victor Group realised a profit of \$64,464 for the reporting financial year. Total revenue has increased by 23% to \$10,600,265 due to the promoted sales of inventory. The net assets of the group are \$11,959,751 on 30 June 2022 which is \$681,186 higher than the prior year.

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, 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 2022
Previous Corresponding Reporting Period	Year ended 30 June 2021

Part 2 – Results for Announcement to the Market

	\$	Percentage increase /(decrease) over previous corresponding period
Revenue from operations	10,600,265	23%
Profit before tax	78,713	112%
Profit attributable to the owners of Victor Group Holdings Limited	64,464	110%

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.

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Part 3 – Contents of ASX Appendix 4E

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

	2022	2021
	(\$)	(\$)
Revenue	10,600,265	8,586,457
Cost of sales	<u>(7,750,545)</u>	<u>(7,105,209)</u>
Gross profit	2,849,720	1,481,248
Other income	1,322	31,811
General and administrative expenses	(1,723,138)	(2,157,665)
Loss on disposal of non-current assets	(1,049,186)	-
Finance costs	<u>(558)</u>	<u>(901)</u>
(Loss)/Profit before income tax	78,713	(645,507)
Income tax (expense)/benefit	<u>(14,249)</u>	<u>5,459</u>
(Loss)/Profit after income tax (expense)/benefit for the year attributable to the owners of Victor Group Holdings Limited	64,464	(640,048)
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	<u>616,722</u>	<u>42,836</u>
Total Comprehensive income/(loss) for the year attributable to the owners of Victor Group Holdings Limited	681,186	(597,212)
Earnings/(loss) per share (on loss attributable to ordinary equity holders)	Cents	Cents
Basic earnings/(loss) per share (cents per share)	0.01	(0.11)
Diluted earnings/(loss) per share (cents per share)	0.01	(0.11)

Part 5 – Consolidated Statement of Financial Position

	2022	2021
	(\$)	(\$)
CURRENT ASSETS		
Cash and cash equivalents	688,224	1,179,633
Trade and other receivables	1,069,403	2,486,632
Inventory	-	2,530,125
Prepayments	3,920,222	555,669
TOTAL CURRENT ASSETS	5,047,849	6,752,059
NON-CURRENT ASSETS		
Property, plant and equipment	1,809,751	1,230,304
Intangible assets	6,762,934	5,873,112
TOTAL NON-CURRENT ASSETS	8,572,685	7,103,416
TOTAL ASSETS	13,620,534	13,855,475
CURRENT LIABILITIES		
Trade and other payables	1,092,737	1,833,372
Contract liabilities	516,200	723,111
Income tax payable	-	-
Employee benefits	45,134	15,715
TOTAL CURRENT LIABILITIES	1,654,071	2,572,198
NON-CURRENT LIABILITIES		
Employee benefits	6,712	4,712
TOTAL NON-CURRENT LIABILITIES	6,712	4,712
TOTAL LIABILITIES	1,660,783	2,576,910
NET ASSETS	11,959,751	11,278,565
EQUITY		
Issued capital	5,494,446	5,494,446
Foreign exchange translation reserve	783,973	167,251
Statutory reserves	411,219	411,219
Retained earnings	5,270,113	5,205,649
TOTAL EQUITY	11,959,751	11,278,565

Part 6 – Consolidated Statement of Cash Flows

	2022	2021
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	12,672,836	11,611,175
Receipts from government grant	-	31,800
Payments to suppliers and employees	(6,999,096)	(7,291,924)
Finance costs paid	(558)	(901)
Income tax paid	(1,445)	(230,887)
Total operating cash flows	<u>5,671,737</u>	<u>4,119,263</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for purchase of intangible assets	-	(3,232,875)
Proceeds from disposal of assets	-	51,380
Interest received	1,322	11
Payments for other non-current assets	(3,132,313)	-
Payments for purchase of property, plant and equipment	(3,403,728)	(358,710)
Total investing cash flows	<u>(6,534,719)</u>	<u>(3,540,194)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
(Repayment to)/advance from related party	351,000	215,246
(Repayment to)/borrowings from non-related parties	(29,529)	-
Total financing cash flows	<u>321,741</u>	<u>215,246</u>
Net increase/ (decrease) in cash held	(541,241)	794,315
Cash at beginning of financial year	1,179,633	396,810
Effect of exchange rates on cash holdings in foreign currencies	49,832	(11,492)
Cash at end of financial year	<u><u>688,224</u></u>	<u><u>1,179,633</u></u>

Part 7 – Retained Earnings

	2022	2021
	\$	\$
Retained Earnings at the beginning of the year	5,205,649	5,845,697
Net Loss attributable to owners of the company	64,464	(640,048)
Retained Earnings at the end of the year	<u>5,270,113</u>	<u>5,205,649</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

	2022	2021
Net tangible (liability) asset backing per ordinary security	0.91 cents	0.94 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.

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Part 11 – Reserves

	2022	2021
	\$	\$
Statutory Reserve	411,219	411,219
Foreign Currency Translation Reserve	783,973	167,251
	<u>1,195,751</u>	<u>578,470</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 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).

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Part 12 – Commentary to Financial Results

Overview of results

For the year ended 30 June 2022 sales revenue increased by \$2,013,808 and gross profit increased by \$1,368,472, while the group realised a \$64,464 profit from operations [30 June 2021: (\$640,048)]. The increase in sales revenue and gross profit are mainly contributed by the promoted sales of inventory. Revenue from cloud education services also increased during the reporting period, and management forecasts it will be the new growth focus for the group. As the development of the Australian market is slower than expected, management has reviewed the group's operational costs intending to find new strategic partners to further enhance and grow the e-learning market share utilising with e-commerce marketplace.

The group foresees that the online education market in Australia will remain prosperous in the coming years, and as such a more effective strategy will be discovered with continuation of exploring the local the market. Management will endure to protect the group's cash flow and allocate capital expenditure to projects with high certainty and stability. The group recorded a \$688,224 cash or cash equivalents position at the end of the financial period (30 June 2021: \$1,179,633) Management anticipates the group's cash flow will remain at a healthy state.

The group had a favourable foreign exchange gain on translation of transactions during the period amounting to \$616,722. This is due to the majority of the group's assets being held by Chinese-based entities and as such the foreign currency rates for the period had a notable appreciation.

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

	2022	2021
Basic loss per share		
Ordinary shares	0.01 cents	(0.11 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	0.01 cents	(0.11 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

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 2022.

Part 15 – Audit Status

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

(Tick one)

The accounts have been audited	<input type="checkbox"/>	The accounts have been subject to review	<input type="checkbox"/>
The accounts are in the process of being audited or subject to review	<input checked="" type="checkbox"/>	The accounts have not yet been audited or reviewed	<input type="checkbox"/>

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 2022. 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