

Victor Group Holdings Limited

ABN 21 165 378 834

Half-year report - 31 December 2023

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Victor Group Holdings Limited
Directors' report
31 December 2023

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Victor Group Holdings Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled ('consolidated entity') for the half-year ended 31 December 2023.

Directors

The following persons were directors of the consolidated entity during the whole financial half-year and up to the date of this report, unless otherwise stated:

Mr William Hu
Mr Zhenxian Wu
Mr Guojun Liang

Principal activities

During the period, the principal activities of the consolidated entity included: providing Infrastructure-as-a-Service (IaaS), Software-as-a-Service (SaaS) and Platform-as-a-Service (PaaS) solutions; building and operating cloud-based platforms for education and data management platform for corporate and government clients; and providing cloud-based e-learning solutions for educational institutions.

Review of operations

The loss for the consolidated entity after providing for income tax amounted to \$579,265 (31 December 2022: \$678,386).

The loss was attributable to pre-customer expenditure that was occurred during the period that could not be capitalised. Management estimates that agreement of a contract with a customer will be completed within the financial year, in addition to the delivery of the completed work.

For the half-year ended 31 December 2023 sales revenue increased by 158% to \$5,273,918 (2022: \$2,042,645) and gross profit increased by 225% to \$1,178,757 (2022: \$362,468). The gross profit margin increased to 22% for the reporting period compared to 18% for the prior-year period.

Compared with the last year, the consolidated entity achieved significantly higher sales revenue than the last year through the software development and operation service instead of the inventory sales which was the major contributor to revenue. During the reporting period, the company disposed portion of its intangible asset (software) and achieved \$333,819 gain on the sale. These assets were generating less and less cash flow in the recent two years which are assessed by the management.

As the development of the Australian market is slower than expected, the management has reviewed the consolidated entity's operational costs with a view to finding other strategies to continue exploring the Australian market. The management is looking for opportunities to upscale commercial activities which are related to data storage and analysis, e-commerce and third-party payment.

The consolidated entity foresees that the online education market in both China and Australia will remain prosperous in the coming years. The consolidated entity will continue to explore organic and inorganic growth opportunities.

Significant changes in the state of affairs

During the period the consolidated entity sold non-core intangible assets for total consideration of \$2,271,771, which at the date of sale had a carrying value of \$1,937,951 book value. Management assessed the ability of these intangible assets to generate cash flow comparative to its residual and potential re-sale value and determined that it was in the consolidated entities best interests to dispose of these intangible assets.

The company also identified the gap in the market of purchasing and holding some of the software for short-term and developing further which would cost lower for the clients. These inventories were allocated to pre-customer expenditure due to the prudential perspective.

The company also has in place a support agreement with major shareholders to provide funding where necessary.

There were no other significant changes in the state of affairs of the consolidated entity during the financial half-year.

Victor Group Holdings Limited
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Matters subsequent to the end of the financial half-year

On the 19th of February 2024, the consolidated entity announced it had reached an agreement to take a strategic investment in a 25% stake in LIT Technology Pty Ltd, an innovative financial technology company headquartered in Australia, for \$2,000,000. The acquisition will be completed through the issuance of 80,000,000 shares at an issue price of \$0.025 per share to the vendors and/or their nominees. A condition precedent for the completion of this transaction is for the consolidated entity to be back trading on the Australian Securities Exchange (ASX), a general meeting to be held to approve the issue of the shares during which this resolution is passed, and the subsequent issue of the shares.

Victor Group has completed a due diligence process that involved the evaluation of the business model and inspection of legal and financial documents. This due diligence process was satisfactorily completed.

No other matter or circumstance has arisen since 31 December 2023 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors



William Hu
Independent Chairman

10 July 2024

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the directors of Victor Group Holdings Limited

As lead auditor for the review of Victor Group Holdings Limited for the half-year ended 31 December 2023, I declare that, to the best of my knowledge and belief, there have been:

- no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the review.

William Buck
William Buck Audit (Vic) Pty Ltd
ABN 59 116 151 136



N. S. Benbow
Director
Melbourne, 10 July 2024

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Victor Group Holdings Limited
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General information

The financial statements cover Victor Group Holdings Limited as a consolidated entity. The financial statements are presented in Australian dollars, which is Victor Group Holdings Limited's functional and presentation currency.

Victor Group Holdings Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Registered office

Level 26, 1 Bligh Street
Sydney, New South Wales 2000

Principal place of business

Room Y223,868 ChangPing Road,
JingAn District, Shanghai, 200041
People's Republic of China

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 10 July 2024.

Victor Group Holdings Limited
Consolidated statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2023

	Note	31 December 2023 \$	31 December 2022 \$
Revenue			
Revenue	5	5,273,918	2,042,645
Cost of sales		(4,095,161)	(1,680,177)
Gross Profit		1,178,757	362,468
Other income		-	374
Gain on sale of intangible assets	6	333,819	-
Expenses			
Employee benefits expense		(91,167)	(78,180)
General and administration expenses		(96,011)	(222,248)
Pre-customer preparation expense	7	(1,121,124)	-
Depreciation and amortisation		(783,264)	(740,434)
Finance costs		(275)	(366)
Loss before income tax expense		(579,265)	(678,386)
Income tax expense		-	-
Loss after income tax expense for the half-year attributable to the owners of Victor Group Holdings Limited		(579,265)	(678,386)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange gain/(loss) arising on the translation of foreign operations		(64,237)	(268,738)
Other comprehensive income for the half-year, net of tax		(64,237)	(268,738)
Total comprehensive income for the half-year attributable to the owners of Victor Group Holdings Limited		<u>(643,502)</u>	<u>(947,124)</u>
		Cents	Cents
Basic earnings per share		(0.10)	(0.12)
Diluted earnings per share		(0.10)	(0.12)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Victor Group Holdings Limited
Consolidated statement of financial position
As at 31 December 2023

	Note	31 December 2023 \$	30 June 2023 \$
Assets			
Current assets			
Cash and cash equivalents		707,996	766,726
Trade and other receivables		6,301,387	1,202,804
Contract assets		1,452,555	1,221,399
Total current assets		<u>8,461,938</u>	<u>3,190,929</u>
Non-current assets			
Property, plant and equipment		1,168,151	1,253,885
Right-of-use assets		525,363	707,665
Intangibles		6,046,506	8,452,382
Total non-current assets		<u>7,740,020</u>	<u>10,413,932</u>
Total assets		<u>16,201,958</u>	<u>13,604,861</u>
Liabilities			
Current liabilities			
Trade and other payables	8	5,847,980	2,931,907
Contract liabilities		669,465	346,586
Income tax payable		310,520	313,927
Employee benefits		36,483	32,329
Total current liabilities		<u>6,864,448</u>	<u>3,624,749</u>
Non-current liabilities			
Employee benefits		9,613	8,713
Total non-current liabilities		<u>9,613</u>	<u>8,713</u>
Total liabilities		<u>6,874,061</u>	<u>3,633,462</u>
Net assets		<u>9,327,897</u>	<u>9,971,399</u>
Equity			
Issued capital		5,494,446	5,494,446
Reserves		665,801	730,038
Retained profits		3,167,650	3,746,915
Total equity		<u>9,327,897</u>	<u>9,971,399</u>

The above consolidated statement of financial position should be read in conjunction with the accompanying notes

Victor Group Holdings Limited
Consolidated statement of changes in equity
For the half-year ended 31 December 2023

	Issued capital \$	Foreign exchange translation reserve \$	Statutory reserves \$	Retained profits \$	Total equity \$
Balance at 1 July 2022	5,494,446	673,002	557,514	5,054,048	11,779,010
Loss after income tax expense for the half-year	-	-	-	(678,386)	(678,386)
Other comprehensive income for the half-year, net of tax	-	(268,738)	-	-	(268,738)
Total comprehensive income for the half-year	-	(268,738)	-	(678,386)	(947,124)
Balance at 31 December 2022	<u>5,494,446</u>	<u>404,264</u>	<u>557,514</u>	<u>4,375,662</u>	<u>10,831,886</u>

	Issued capital \$	Foreign exchange translation reserve \$	Statutory reserves \$	Retained profits \$	Total equity \$
Balance at 1 July 2023	5,494,446	172,524	557,514	3,746,915	9,971,399
Loss after income tax expense for the half-year	-	-	-	(579,265)	(579,265)
Other comprehensive income for the half-year, net of tax	-	(64,237)	-	-	(64,237)
Total comprehensive income for the half-year	-	(64,237)	-	(579,265)	(643,502)
Balance at 31 December 2023	<u>5,494,446</u>	<u>108,287</u>	<u>557,514</u>	<u>3,167,650</u>	<u>9,327,897</u>

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

Victor Group Holdings Limited
Consolidated statement of cash flows
For the half-year ended 31 December 2023

	31 December 2023 \$	31 December 2022 \$
Cash flows from operating activities		
Receipts from customers	3,483,735	2,241,337
Payments to suppliers and employees	(3,605,315)	(1,856,498)
Interest and other finance costs paid	(275)	(740)
Income taxes paid	-	(4,314)
	<u> </u>	<u> </u>
Net cash from/(used in) operating activities	(121,855)	379,785
Cash flows from investing activities		
Payments for the acquisition of plant, equipment and intangible assets	-	(925,732)
Payments for right-of-use assets	-	(363,661)
Proceeds from sale of property, plant and equipment and intangible assets in the prior period	-	287,800
Interest received	-	374
	<u> </u>	<u> </u>
Net cash used in investing activities	-	(1,001,219)
Cash flows from financing activities		
Proceeds of borrowings from related parties	157,000	227,143
Repayments of borrowings to related parties	-	(55,000)
	<u> </u>	<u> </u>
Net cash from financing activities	157,000	172,143
Net increase/(decrease) in cash and cash equivalents	35,145	(449,291)
Cash and cash equivalents at the beginning of the financial half-year	766,726	688,224
Effects of exchange rate changes on cash and cash equivalents	(93,875)	194,137
	<u> </u>	<u> </u>
Cash and cash equivalents at the end of the financial half-year	<u>707,996</u>	<u>433,070</u>

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes

Note 1. Nature of Operations

Victor Group Holdings Limited and its controlled entities ('consolidated entity') principal activities of the consolidated entity included: providing Infrastructure-as-a-Service (IaaS), Software-as-a-Service (SaaS) and Platform-as-a-Service (PaaS) solutions; building and operating cloud-based platforms for education and data management platform corporate and government clients; and providing cloud-based e-learning solutions for educational institutions.

The consolidated entity currently operates in the People's Republic of China and Australia.

Note 2. Material accounting policy information

Basis of preparation

These general purpose financial statements for the interim half-year reporting period ended 31 December 2023 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2023 and any public announcements made by the consolidated entity during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The interim consolidated financial statements (the interim financial statements) of the consolidated entity are for the half-year ended 31 December 2023 and are presented in Australian dollars (\$), which is the functional currency of the parent company.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

There was no impact arising from the adoption of those new Standards and Interpretations, nor do the directors foresee any material impact arising on future financial statements upon the adoption of those Standards and Interpretations that will be due for adoption in future reporting periods.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Going concern

The financial report has been prepared on the going concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

As disclosed in the financial statements, the consolidated entity incurred a net loss after tax of \$579,265 and had net cash outflows from operating activities of \$121,855 for the period ended 31 December 2023. As at that date, the consolidated entity had a cash balance of \$707,996, and net working capital surplus of \$1,597,490.

These events and conditions indicate that a material uncertainty exists that may cast significant doubt on the consolidated entity's ability to continue as a going concern and, therefore, it may be unable to realise its assets and discharge its liabilities in the normal course of business. Notwithstanding the above operating results and funding requirements, the financial statements have been prepared on the basis that the consolidated entity is a going concern, which contemplates normal business activity, realisation of assets and the settlement of liabilities in the normal course of business for the following reason:

The consolidated entity is actively looking to grow its revenue through a focused strategy that requires cash outflows attached to growth measures including:

- Developing and expanding its information technology stack;
- Marketing initiatives to expand its customer base, both domestically and abroad; and
- Administratively supporting such activities.

Note 2. Material accounting policy information (continued)

All such cash outflows, although significant in the context of the cashflow forecast, can be if necessary, curtailed in the event that the consolidated entity does not maintain a healthy cash balance to support those activities.

In the event that the forecast growth is not met, selected shareholders have represented that should the consolidated entity require financial support, they will have the intention and the ability to support the consolidated entity with additional funding for at least 12 months from the date of signing the financial report.

The Directors will continue to monitor the ongoing funding requirements of the consolidated entity. As a consequence of the above, the directors believe that, notwithstanding the consolidated entity's operating results for the period and funding requirements, the consolidated entity will be able to continue as a going concern and therefore, these financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts, or to the amounts and classification of liabilities that might be necessary should the consolidated entity not continue as a going concern.

Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

Estimation of useful lives of assets

The consolidated entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Impairment

The consolidated entity assesses impairment at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Non-recognition of deferred tax assets

We apply management judgement to recognise a deferred tax asset and review its carrying amount at each reporting date. The carrying amount is only recognised to the extent that it is probable that sufficient taxable profit will be available in the future to utilise this benefit. Any amount unrecognised could be subsequently recognised if it has become probable that future taxable profit will allow us to benefit from this deferred tax asset.

Multiple element contracts

SaaS, IaaS and PaaS solution contracts entered into by the consolidated entity require management judgement in the identification of performance obligations. The consolidated entity assesses each customer contract individually into its elements and considers if any element should be aggregated where they cannot be separately determined. Revenue is assigned to each performance obligation based on the stand-alone fair value of the component relevant to the total contract value.

Note 4. Operating segments

Identification of reportable operating segments

The consolidated entity is organised into predominantly 2 operating segments: The first consisting of SaaS, IaaS and PaaS solutions and the second being Cloud Education. These operating segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources.

The consolidated entity is managed primarily on the basis of product category and service offerings as the diversification of the consolidated entity's operations inherently have notably different risk profiles and performance assessment criteria. Operating segments are therefore determined on the same basis. There have been no changes from prior period in the measurement methods used to determine operating segments and reported profit and loss.

Reportable segments disclosed are based on aggregating operating segments where the segments are considered to have similar economic characteristics and are also similar with respect to the following:

- the products sold and/or services provided by the segment; and
- the type or class of customer for the products or services.

Types of products and services

The principal products and services of each of these operating segments as determined by management are as follows:

SaaS, IaaS and PaaS Solutions	Software as a Service, Infrastructure as a Service, Platform as a Service solutions; and
Cloud Education	Cloud Education

Major customers

	31 December 2023	31 December 2023	31 December 2022	31 December 2022
Customer	\$	%	\$	%
Customer A - IaaS and Cloud Education	33,122	1%	1,572,816	77%
Customer B - IaaS	103,953	2%	159,474	8%
Customer C - IaaS	-	-	203,861	10%
Customer D - PaaS	1,918,310	36%	-	-
Customer E - Cloud Education	1,135,646	22%	-	-
Customer F - PaaS	858,670	16%	-	-
Customer G - PaaS and Cloud Education	1,023,721	19%	-	-
	<u>5,073,422</u>		<u>1,936,151</u>	

Victor Group Holdings Limited
Notes to the consolidated financial statements
31 December 2023

Note 4. Operating segments (continued)

Operating segment information

	SaaS, IaaS and PaaS solutions \$	Cloud Education \$	Other segments \$	Total \$
31 December 2023				
Revenue				
Sales to external customers	3,800,061	1,273,360	200,497	5,273,918
Segment cost of sales	(3,192,966)	(711,721)	(190,474)	(4,095,161)
Gross Profit	607,095	561,639	10,023	1,178,757
Other revenue	-	-	333,819	333,819
Total revenue	607,095	561,639	343,842	1,512,576
EBITDA	(95,055)	326,356	(27,027)	204,274
Depreciation and amortisation				(783,264)
Finance costs				(275)
Loss before income tax expense				(579,265)
Income tax expense				-
Loss after income tax expense				(579,265)
	SaaS, IaaS and PaaS solutions \$	Cloud Education \$	Other segments \$	Total \$
31 December 2022				
Revenue				
Sales to external customers	1,429,430	613,215	-	2,042,645
Segment cost of sales	(1,292,699)	(387,478)	-	(1,680,177)
Total revenue	136,731	225,737	-	362,468
EBITDA	22,381	39,659	-	62,040
Depreciation and amortisation				(740,434)
Interest revenue				374
Finance costs				(366)
Loss before income tax expense				(678,386)
Income tax expense				-
Loss after income tax expense				(678,386)

Note 5. Revenue

	31 December 2023 \$	31 December 2022 \$
SaaS, IaaS and PaaS solutions	3,800,061	1,429,430
Cloud Education	1,273,360	613,215
Consulting	200,497	-
	5,273,918	2,042,645

Revenue relating to performance obligations that are unsatisfied as at 31 December 2023 amounting to \$669,465 (30 June 2023: \$346,546), which have been recognised as contract liabilities under current liabilities the year-end, are expected to be recognised during the financial year ended 30 June 2024 after the provision of services.

Note 6. Gain on sale of intangible assets

	31 December 2023 \$	31 December 2022 \$
Gain on sale of intangible assets	<u>333,819</u>	<u>-</u>

During the period the consolidated entity sold non-core intangible assets for total consideration of \$2,271,771, which at the date of sale had a carrying value of \$1,937,951 book value. The receivable for the consideration, which is still unpaid as at the date of signing these financial statements, is secured against the intangible assets which were sold. Management assessed the ability of these intangible assets to generate cash flow comparative to its residual and potential re-sale value and determined that it was in the consolidated entities best interests to dispose of these intangible assets.

Note 7. Pre-customer preparation expense

	31 December 2023 \$	31 December 2022 \$
Pre-customer preparation expense	<u>1,121,124</u>	<u>-</u>

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.

Note 8. Trade and other payables

	31 December 2023 \$	30 June 2023 \$
<i>Current liabilities</i>		
Trade payables	4,535,318	1,892,327
Payable to related parties	798,539	641,539
Other payables	<u>514,123</u>	<u>398,041</u>
	<u>5,847,980</u>	<u>2,931,907</u>

Note 9. Contingent liabilities

The consolidated entity had no contingent liabilities as at 31 December 2023 (30 June 2023:nil).

Note 10. Events after the reporting period

On the 19th of February 2024, the consolidated entity announced it had reached an agreement to take a strategic investment in a 25% stake in LIT Technology Pty Ltd, an innovative financial technology company headquartered in Australia, for \$2,000,000. The acquisition will be completed through the issuance of 80,000,000 shares at an issue price of \$0.025 per share to the vendors and/or their nominees. A condition precedent for the completion of this transaction is for the consolidated entity to be back trading on the Australian Securities Exchange (ASX), a general meeting to be held to approve the issue of the shares during which this resolution is passed, and the subsequent issue of the shares.

Victor Group has completed a due diligence process that involved the evaluation of the business model and inspection of legal and financial documents. This due diligence process was satisfactorily completed.

No other matter or circumstance has arisen since 31 December 2023 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.


Victor Group Holdings Limited
Directors' declaration
31 December 2023

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the company's financial position as at 31 December 2023 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors



William Hu
Independent Chairman

10 July 2024

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Independent auditor's review report to the members of Victor Group Holdings Limited

Report on the half-year financial report



Our conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Victor Group Holdings Limited (the Company), and its controlled entities (together, the Group) does not comply with the *Corporations Act 2001*, including:

- giving a true and fair view of the Group's financial position as at 31 December 2023 and of its financial performance for the half-year then ended; and
- complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

What was reviewed?

We have reviewed the accompanying half-year financial report of the Group, which comprises:

- the consolidated statement of financial position as at 31 December 2023,
- the consolidated statement of profit or loss and other comprehensive income for the half-year then ended,
- the consolidated statement of changes in equity for the half-year then ended,
- the consolidated statement of cash flows for the half-year then ended,
- notes to the financial statements, including material accounting policy information, and
- the directors' declaration.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's responsibilities for the review of the financial report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Material uncertainty related to going concern

We draw attention to Note 2 to the financial report, which indicates that the Group incurred a net loss after tax of \$579,265 and had net cash outflows from operating activities of \$121,855 for the half-year ended 31 December 2023. These events or conditions along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Responsibilities of the directors for the financial report

The directors of the Group are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2023 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

William Buck

William Buck Audit (Vic) Pty Ltd
ABN 59 116 151 136

N. S. Benbow

N. S. Benbow
Director
Melbourne, 10 July 2024