



APPENDIX 4E AND OPERATIONAL REVIEW: VMOTO DELIVERS RECORD FINANCIAL AND OPERATIONAL PERFORMANCE

ANNOUNCEMENT

27 FEBRUARY 2020

Vmoto Limited (ASX: VMT) is pleased to announce its unaudited preliminary final results for the full year ended 31 December 2019 (FY2019).

Financial Overview for FY2019

- Statutory results
 - Total **revenue of \$45.7 million**, up 133% on FY2018
 - **EBITDA of \$2.9 million** (FY2018 EBITDA of \$18k)¹
 - **NPAT of \$1.3 million** (FY2018: net loss after tax of \$0.9 million), in line with profit guidance released on 11 December 2019
 - Strong **positive cash flows** from operating activities of \$1.7 million (FY2018 positive cash flows from operating activities of \$0.3 million)
- Strong **cash position of \$6.6 million** as at 31 December 2019, up \$2.4 million in total since 31 December 2018.
- Net tangible assets of \$16.1 million (FY2018: \$14.9 million) (*excludes \$7.4 million valuation increment for Nanjing land and buildings, currently carried at cost of \$5.3 million but independently valued at \$12.7 million in FY2019*).

Operational Overview for FY2019

- **Total sales of 19,971** units of electric two-wheel vehicles globally, **up 84%** on FY2018.
- Signed worldwide licensing agreement with **Ducati** Motor Holding S.p.A. to launch *CUX special edition Ducati* 2-wheel electric vehicles and produced and **delivered ~720 units** to Vmoto's international distributors by 31 December 2019, which **exceeded minimum contracted units by 80%**.
- **17 new international distributorships** established via expansion of international brand awareness and distribution footprint through increased marketing activities and participation at key industry exhibitions
- New **E-Max** product, **VS1** and new Super Soco product, **CPx**, launched into international markets at the EICMA exhibition in Milan, Italy in November 2019.
- Strong and growing demand from Vmoto's international distributors and ride sharing customers for its B2C and B2B products.

1. Refer to the reconciliations on page 3 for details.

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FY2019 represents a transformational year for Vmoto and the Company has delivered strong commercial performance across all operations.

The Company's record financial and operational performance was driven by strong demand from its existing distributors and ride sharing customers, as well as signing a number of new commercial and distributor agreements to drive product sales and deliver strong revenue growth. The Company successfully delivered on its expanded growth strategy to capitalise on the rapidly growing electric vehicle market by partnering with industry leading distributors and automotive brands.

OPERATIONAL PROGRESS DELIVERS STRONG FINANCIAL GROWTH AND INCREASED PROFIT

During FY2019, the Company sold 19,971 electric two-wheel vehicles globally representing an 84% increase vs FY2018. Sales into European markets grew significantly to 9,873 units, up 131% on FY2018 and sales into Non-European markets grew to 7,384, up 27% on FY2018.

During FY2019, the Company delivered and achieved:

- Total revenue of \$45.7 million, 133% increase on FY2018
- Strong EBITDA of \$2.9 million, compared to EBITDA of \$18k in FY2018
- Net profit after tax of \$1.3 million, in line with profit guidance released on 11 December 2019
- Strong positive cash flows from operating activities of \$1.7 million, comparing to FY2018 positive cash flows from operating activities of \$0.3 million
- Strong cash position of \$6.6 million as at 31 December 2019, up \$2.4 million in total since 31 December 2018
- Net tangible assets of \$16.1 million at 31 December 2019, which excludes \$7.4 million valuation increment for Nanjing land and buildings, currently carried at cost of \$5.3 million but independently valued at \$12.7 million in FY2019

LICENSING AGREEMENT SIGNED WITH DUCATI

In May 2019, Vmoto signed a worldwide licensing agreement with Italian motorcycle manufacturer Ducati Motor Holding S.p.A. (Ducati) to release the *CUX special edition Ducati* two-wheel electric vehicle.

Under the agreement, Vmoto will supply and release its CUX two-wheel electric vehicles bearing the Ducati brand and label, to be sold as official products under the licence of Ducati. Vmoto's two-wheel electric vehicles *CUX special edition Ducati* will be marketed as a high-end, luxury product to consumers at a premium price.

By the end of December 2019, the Company had sold and delivered 720 units of the *CUX Special Edition Ducati* two-wheel electric vehicle to its international distributors.

Units sold in 2019 exceeded minimum contracted unit numbers by 80%, a significant achievement and strong endorsement of Vmoto's global distribution network. The Company expects its *CUX Special Edition Ducati* two-wheel electric vehicle to continue to generate strong customer demand from retail consumers.

FURTHER EXPANSION INTO INTERNATIONAL MARKETS

During FY2019, the Company received increasing demands from its existing international distributors. To further deliver on its growth strategy to work with leading distribution partners globally and to further grow sales, Vmoto signed agreements with multiple distributors in Argentina, Brazil, Croatia, France, Mexico, Mongolia, Netherlands, Nepal, Portugal, Romania, Vietnam and almost all Eastern European countries and continue to expand its global distribution network.

In addition to this, Vmoto extended its strategy to partner with a number of ride-sharing companies to increase sales and increase brand exposure in international markets. Delivery of this strategy has been

very successful, and the Company has successfully partnered with Go-Sharing Netherlands, Zig Zag Italy, GoKube Taiwan and eMoped Australia. The Company received increasing demand from ride sharing companies and expects to continue grow sales in the B2B ride sharing sector in FY2020.

NEW PRODUCT LAUNCHES TO DRIVE SALES

VMT expanded its product offering with the launch of two new electric scooter models, *E-Max VS1* and *Super Soco CPx*, both unveiled at the 2019 Esposizione Internazionale Ciclo Motociclo e Accessori ("EICMA") Motorcycle Show held in Milan, Italy in November 2019.

The Company also took the opportunity to introduce and showcase its newer/upgraded versions for its existing B2C models.

The Company expects that the new products launched and newer/upgraded versions for its existing B2C models, will continue to increase international sales in FY2020.

OUTLOOK

Vmoto continues to execute its strategy of selling high value, high performance electric two-wheel vehicles into international markets and continues to actively expand its distribution network worldwide. The Company is in discussions with a number of potential B2B customers.

The Company's strong sales network and ongoing marketing activities continue to increase brand and product awareness and are driving a strong and growing pipeline of sales leads.

With the launch of the new B2B and B2C products, and newer/upgraded versions of its existing B2C models, the management team is remains confident and increasingly focused on securing further firm orders from new and existing customers.

The Company also remains confident in its ability to continue to increase international sales and further consolidate its position as a leading electric two-wheel vehicle manufacturer and provider to the international markets.

The Company has identified significant potential in the B2B market for its high performance electric two-wheel vehicle delivery products and is in discussions with a number of groups regarding cooperation agreements to secure orders. The Company also sees increasing demand from its B2B sharing customers and is in discussions with a number of new potential B2B sharing operators.

For further information, please contact:

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About Vmoto

Vmoto Limited (ASX: VMT) is a global scooter manufacturing and distribution group. The Company specialises in high quality "green" electric powered two-wheel vehicles and manufactures a range of western designed electric scooters from its low-cost manufacturing facilities in Nanjing, China. Vmoto combines low cost Chinese manufacturing capabilities with European design. The group operates through two primary brands: E-Max (targeting international B2B markets, with a premium end product) and Super Soco (for which Vmoto holds sales and marketing rights for international B2C markets). As well as operating under these brands, the Company also manufactures and sells to a number of customers on an original equipment manufacturer ("OEM") basis.

Forward Looking Statements

Forward looking statements are based on current expectations and are not guarantees of future performance, involve known and unknown risks, uncertainties and other factors, many of which are outside the control of the Company. Actual results, performance or achievements may vary materially from any forward looking statements. Although the Company believes that assumptions underlying the forward-looking statements are reasonable, any of the assumptions could prove inaccurate or incorrect in hindsight and, therefore, there can be no assurance that matters contemplated in the forward looking statements will be realised. Accordingly, readers are cautioned not to place undue reliance on forward looking statements, which are current only as at the date of this announcement.

Reconciliation of Earnings before Interest, Tax, Depreciation and Amortisation to Net Profit after Tax:

Reconciliation of earnings before interest, tax, depreciation and amortisation, to net profit/(loss) after tax		
	FY2019	FY2018
Earnings/(Loss) before interest, tax, depreciation and amortisation	\$2,889,707	\$18,437
Depreciation and amortisation	(\$1,629,293)	(\$967,128)
Profit/(Loss) before interest and tax	\$1,260,414	(\$948,690)
Interest income	\$109,157	\$95,990
Interest expense	(\$68,735)	(\$64,862)
Income tax revenue/(expense)	-	-
Net profit/(loss) after tax	\$1,300,836	(\$917,563)

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Appendix 4E

Preliminary Final Report to the Australian Stock Exchange

Part 1

Name of Entity	Vmoto Limited
ABN	36 098 455 460
Financial Year Ended	12 months ended 31 December 2019
Previous Corresponding Reporting Period	12 months ended 31 December 2018

Part 2 – Results for Announcement to the Market

	\$'000	Percentage increase /(decrease) over previous corresponding period
Revenue from ordinary activities	45,672	133%
Profit from ordinary activities after tax attributable to members	1,367	249%
Profit attributable to members	1,367	249%

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:

This report relates to the financial year ended 31 December 2019. Comparatives are for the financial year ended 31 December 2018.

All of the above comparisons are on a statutory basis.

Refer to the above Operations Review for further commentary on the statutory results for the financial year ended 31 December 2019.

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Part 3 – Contents of ASX Appendix 4E

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Part 4 – Consolidated Statement of Comprehensive Income

	Year Ended 31 December 2019 \$	Year Ended 31 December 2018 \$
Continuing Operations		
Sales revenue	45,672,354	19,578,395
Cost of goods sold	(36,018,789)	(16,129,230)
Gross profit	<u>9,653,565</u>	<u>3,449,165</u>
Other income	1,652,353	995,858
Operational expenses	(5,116,299)	(2,846,217)
Marketing and distribution expenses	(1,389,552)	(617,746)
Corporate and administrative expenses	(2,561,260)	(1,700,496)
Occupancy expenses	(271,949)	(92,509)
Other expenses from ordinary activities	(28,753)	(40,756)
Finance costs	(68,735)	(64,862)
Impairment of prepayments	(568,534)	-
Profit/(Loss) from continuing operations before tax	1,300,836	(917,563)
Income tax revenue/(expenses)	-	-
Profit/(Loss) after tax from continuing operations	1,300,836	(917,563)
Profit/(Loss) from discontinued operations	-	-
PROFIT/(LOSS) FOR THE YEAR	1,300,836	(917,563)
Other comprehensive income		
Foreign currency translation differences	(111,406)	676,177
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	1,189,430	(241,386)
Profit/(Loss) for the year attributable to:		
Owners of the Company	1,366,768	(917,563)
Non-controlling interests	(65,932)	-
	<u>1,300,836</u>	<u>(917,563)</u>
Total comprehensive income for the year attributable to:		
Owners of the Company	1,255,362	(241,386)
Non-controlling interests	(65,932)	-
	<u>1,189,430</u>	<u>(241,386)</u>

Part 5 – Consolidated Statement of Change in Equity

	Issued Capital \$	Reserves \$	Accumulated Losses \$	Non- controlling interest \$	Total \$
Balance as at 1 January 2019	74,814,382	(513,144)	(59,125,561)	121,399	15,297,076
Profit for the year	-	-	1,366,768	(65,932)	1,300,836
Other comprehensive income for the year	-	(111,406)	-	-	(111,406)
Total comprehensive income for the year	-	(111,406)	1,366,768	(65,932)	1,189,430
Issue of ordinary shares	539,214	-	-	-	539,214
Transfer expired options reserve to accumulated losses	-	(96,419)	96,419	-	-
Balance as at 31 December 2019	75,353,596	(720,969)	(57,662,374)	55,467	17,025,720

Part 6 – Consolidated Statement of Financial Position

	31 December 2019 \$	31 December 2018 \$
CURRENT ASSETS		
Cash and cash equivalents	6,648,039	4,193,790
Trade and other receivables	2,129,988	2,098,447
Inventories	4,367,766	5,638,169
Other assets	4,032,493	1,749,024
Total Current Assets	<u>17,178,286</u>	<u>13,679,430</u>
NON-CURRENT ASSETS		
Property, plant and equipment	7,244,484	8,556,335
Right-of-use assets	589,949	-
Intangible assets	297,766	446,650
Total Non-Current Assets	<u>8,132,199</u>	<u>9,002,985</u>
TOTAL ASSETS	<u>25,310,485</u>	<u>22,682,415</u>
CURRENT LIABILITIES		
Trade and other payables	5,632,650	6,149,449
Loans and borrowings	2,045,994	1,235,890
Lease liabilities	95,312	-
Total Current Liabilities	<u>7,773,956</u>	<u>7,385,339</u>
NON-CURRENT LIABILITIES		
Lease liabilities	510,809	-
Total Non-Current Liabilities	<u>510,809</u>	<u>-</u>
TOTAL LIABILITIES	<u>8,284,765</u>	<u>7,385,339</u>
NET ASSETS	<u>17,025,720</u>	<u>15,297,076</u>
EQUITY		
Issued capital	75,353,596	74,814,382
Reserves	(720,969)	(513,144)
Accumulated losses	(57,662,374)	(59,125,561)
Non-controlling interests	55,467	121,399
TOTAL EQUITY	<u>17,025,720</u>	<u>15,297,076</u>

Part 7 – Consolidated Statement of Cash Flows

	Year Ended 31 December 2019 \$	Year Ended 31 December 2018 \$
Cash flows from operating activities		
Receipts from customers	46,543,105	21,414,094
Payments to suppliers and employees	(46,023,578)	(21,580,606)
Interest received	109,156	95,990
Interest paid	(60,881)	(64,862)
Other cash receipts	1,119,281	402,267
Net cash generated by operating activities	1,687,083	266,883
Cash flows from investing activities		
Payments for property, plant and equipment	(195,748)	(734,167)
Net cash used in investing activities	(195,748)	(734,167)
Cash flows from financing activities		
Proceeds from issue of equity shares	188,083	2,212,500
Payments for share issue costs	-	(33,874)
Proceeds from borrowings	3,116,719	1,208,531
Repayment of borrowings	(2,290,280)	(2,056,023)
Net cash generated by financing activities	1,014,522	1,331,134
Net increase in cash held	2,505,857	863,850
Cash at the beginning of the financial year	4,193,790	3,172,792
Effects of exchange rate changes on cash	(51,608)	157,148
Cash at the end of the financial year	6,648,039	4,193,790

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Part 8 – Basis of Preparation

This preliminary final report has been prepared in accordance with ASX Listing Rule 4.3A and the disclosure requirements of ASX Appendix 4E.

Part 9 – Profit from Ordinary Activities

The profit from ordinary activities before income tax includes the following items of revenue and expense:

	Year Ended 31 December 2019 \$	Year Ended 31 December 2018 \$
2. REVENUES AND EXPENSES OF CONTINUING OPERATIONS		
(a) Other income		
Interest income	109,156	95,990
Contributions from customers	832,026	439,332
Government subsidies	150,376	170,908
Net foreign exchange gain	110,874	56,385
Rent income	448,987	215,655
Other	934	17,588
	<u>1,652,353</u>	<u>995,858</u>

(b) Other expenses		
Doubtful debts	28,753	19,491
Loss on sale of obsolete stocks	-	21,265
	<u>28,753</u>	<u>40,756</u>

(c) Employee benefits expense		
Wages and salaries costs	2,192,552	1,495,894
	<u>2,192,552</u>	<u>1,495,894</u>

(d) Depreciation and amortisation		
Depreciation of property, plant and equipment	1,480,410	818,245
Amortisation of intangibles	148,883	148,883
	<u>1,629,293</u>	<u>967,128</u>

Part 10 – Commentary on Results

Refer to the above Operations Review for commentary on the results for the year ended 31 December 2019.

Part 11 – Notes to the Consolidated Statement of Cash Flows

	Year Ended 31 December 2019 \$	Year Ended 31 December 2018 \$
Reconciliation of profit/(loss) for the year to net cash flows from operating activities		
Profit/(Loss) after income tax for the year	1,300,836	(917,563)
<i>Add non-cash items:</i>		
Depreciation and amortisation	1,629,293	967,128
Share based payment expenses	351,131	209,444
	1,980,424	259,009
<i>Changes in assets and liabilities:</i>		
(Increase)/ decrease in receivables	(31,541)	(733,205)
(Increase) / decrease in inventories	1,270,403	(2,857,387)
(Increase)/ decrease in other assets	(2,283,469)	1,370,659
Increase/(decrease) in payables	(549,570)	2,227,807
	1,687,083	266,883
Net cash generated from operating activities	1,687,083	266,883

Part 12 – 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

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Part 13 – Earnings/Loss per Share

	Consolidated	
	Year Ended 31 December 2019	Year Ended 31 December 2018
From continuing operations		
Basic earnings/(loss) per share	0.58 cents	(0.43 cents)
From continuing operations		
Diluted earnings/(loss) per share	0.57 cents	(0.43 cents)
Weighted average number of ordinary shares for the purpose of basic earnings per share	<u>222,858,403</u>	<u>213,823,446</u>

Part 14 – Net Tangible Assets per Security

	31 December 2019	31 December 2018
Net tangible asset backing per ordinary security (cents)	7.18	6.72

Part 15 – Details of Entities over Which Control has been Gained or Lost

Name of entity	Vmoto Soco International Pte Ltd
Date of registration	2 September 2019
Contribution of the controlled entity (or group of entities) to the profit/(loss) from ordinary activities during the period, from the date of gaining or losing control	Nil
Profit (loss) from ordinary activities of the controlled entity (or group of entities) for the whole of the previous corresponding period	Nil
Contribution to consolidated profit/(loss) from ordinary activities from sale of interest leading to loss of control	Nil

Part 16 – Details of Associates and Joint Venture Entities

	Ownership Interest		Contribution to net profit/(loss)	
	31/12/19 %	31/12/18 %	Year ended 31/12/19 \$A	Year ended 31/12/18 \$A
Name of entity	N/A	N/A	N/A	N/A
Associate	N/A	N/A	N/A	N/A
Joint Venture Entities	N/A	N/A	N/A	N/A
Aggregate Share of Losses	N/A	N/A	N/A	N/A

Part 17 – Issued Securities

	31 December 2019 \$	31 December 2018 \$
Share capital		
224,762,983 (31 December 2018: 221,016,020) fully paid ordinary shares	75,353,596	74,814,382
<i>The following movements in issued capital occurred during the period:</i>		
	Year Ended 31 December 2019	Year Ended 31 December 2018
	Number of Shares	Number of Shares
Balance at beginning of the period	221,016,020	176,005,140
Issue of shares at 5.5 cents each	-	22,727,273
Issue of shares at 5.5 cents each	-	17,500,089
Issue of shares at 5.7 cents each	-	701,754
Issue of shares at 5.6-7.1 cents each	-	681,764
Issue of shares at nil consideration	-	3,400,000
Issue of shares at 12 cents each	579,719	-
Issue of shares at 12 cents each	886,138	-
Issue of shares at 6.5 cents each	290,553	-
Issue of shares at 8.5 cents each	1,990,553	-
	<u>224,762,983</u>	<u>221,016,020</u>
Options		
The following options to subscribe for ordinary fully paid shares are outstanding at balance date:		
➤	1,982,174 options exercisable at \$0.65 each on or before 22 May 2021;	
➤	282,174 options exercisable at \$0.85 each on or before 22 May 2021.	

Part 18 – Segment Information

The continuing operations of the Consolidated Entity are predominantly in the electric two-wheel vehicles manufacture and distribution industry.

Reported segments were based on the geographical segments of the Consolidated Entity, being Australia, China, Europe and Singapore. The management accounts and forecasts submitted to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance are split into these components.

The electric two-wheel vehicles segment is managed on a worldwide basis, but operates in four principal geographical areas: Australia, China, Europe and Singapore. In China, manufacturing facilities are operated in Nanjing. In Europe, the warehouse and distribution centre are operated in Netherlands and Italy. The following table presents revenue and profit or loss in relation to geographical segments for the twelve-month period ended 31 December 2019 and 31 December 2018:

Continuing Operations	Australia \$A		Nanjing, China \$A		Europe \$A		Singapore \$A		Intersegment elimination \$A		Consolidated \$A	
	Year ended 31/12/19	Year ended 31/12/18	Year ended 31/12/19	Year ended 31/12/18	Year ended 31/12/19	Year ended 31/12/18	Year ended 31/12/19	Year ended 31/12/18	Year ended 31/12/19	Year ended 31/12/18	Year ended 31/12/19	Year ended 31/12/18
Revenue Segment revenue	18,620	72,758	41,539,690	18,752,716	4,110,911	752,921	3,133	-	-	-	45,672,354	19,578,395
Result Segment profit/(loss)	(998,042)	(842,406)	2,672,035	83,474	(362,508)	(158,631)	(10,649)	-	-	-	1,300,836	(917,563)
Assets Segment assets	898,041	1,634,657	40,572,983	42,011,775	3,555,728	1,310,356	1,094,332	-	(20,810,599)	(22,274,373)	25,310,485	22,682,415
Liabilities Segment liabilities	(143,744)	(141,252)	(27,064,023)	(29,429,284)	(1,172,944)	(89,176)	(714,653)	-	20,810,599	22,274,373	(8,284,765)	(7,385,339)

The principal activity of the continuing Consolidated Entity is the manufacture, marketing and distribution of electric two-wheel vehicles.

Part 19 – Subsequent Events

Vmoto and Super Soco to establish new manufacturing company

On 24 February 2020, the Company signed a joint investment agreement with Super Soco Intelligent Technology (Shanghai) Co, Ltd (“Super Soco”), to establish a new jointly owned Chinese registered manufacturing company, Nanjing Vmoto Soco Intelligent Technology Co, Ltd. The Company and Super Soco will each own 50% of the issued capital.

Apart from the above, there were no other significant events subsequent to year ended 31 December 2019 and prior to the date of this report that have not been dealt with elsewhere in this report.

Part 20 – Audit/Review 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 or subject to review and are likely to be subject to dispute or qualification, a description of the likely dispute or qualification:

Not applicable

If the accounts have been audited or subject to review and are subject to dispute or qualification, a description of the dispute or qualification:

Not applicable

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