



APPENDIX 4E AND OPERATIONAL REVIEW: VMOTO ACHIEVES POSITIVE EBITDA

ANNOUNCEMENT

28 FEBRUARY 2019

Vmoto Limited (ASX: VMT) is pleased to announce its unaudited preliminary final results for the full year ended 31 December 2018 (FY2018).

Financial and Operational Overview for FY2018

- Statutory results
 - Total revenue of \$19.6 million, 30% increase on FY2017
 - International sales revenue of \$19.2 million, 35% increase on FY2017
 - Positive earnings before interest, tax, depreciation and amortisation (EBITDA) of \$18k (FY2017 loss before interest, tax, depreciation and amortisation of \$7.3 million)¹
 - Net loss after tax of \$918k (FY2017: \$8.1 million)
 - Positive cash flows from operating activities of \$267k (FY2017 cash outflows from operating activities of \$2.4 million)
 - Upward trend on unit sales in international markets
- NTA of \$14.9 million (FY2017: \$12.4 million) (excludes \$6.1 million valuation increment for Nanjing land and buildings, currently carried at cost of \$6.1 million but independently valued at \$12.2 million in FY2018)
- International brand awareness and distribution footprint expanded through increased marketing activities and participation at key industry exhibitions - 14 new international distributorships established in FY2018
- New product focused website www.vmosoco.com and social media platform Vmoto Soco e-mobility on Facebook, Instagram and Youtube launched
- New Super Soco products, TC Max and CUX, launched into international markets at the EICMA exhibition in Milan, Italy in November 2018.
- Netherlands subsidiary and warehouse in operation, facilitating ramp up of sales into European markets
- Joint venture established with experienced electric vehicle operator in Italy to focus on distribution of Vmoto and Super Soco electric two-wheel vehicle products into Italian markets

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



ASX CODE: VMT

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FY2018 saw Vmoto Limited's (ASX:VMT) strategy of selling higher value and higher margin electric vehicles into international markets, to become a worldwide leader in the manufacture, sales and marketing of two-wheel electric vehicles internationally, begin to deliver results.

During the period, Vmoto's total revenue increased to \$19.6 million, up 30% on FY2017 (\$15.1 million), largely due to increased international sales into the electric two-wheel vehicle market as the Company capitalised on new government policies and regulation in Europe supporting electric vehicle transport and the growth of vehicle leasing and logistics projects. 10,081 units of electric vehicle products were sold into international markets in FY2018.

Vmoto is pleased to confirm that it was operating cash flow positive and achieved unaudited EBITDA of A\$18k for FY2018.

Managing Director, Mr Charles Chen, commented: "I am very pleased to confirm that FY2018 saw Vmoto achieve record unit sales into international markets and a modest positive EBITDA, as our investment into international marketing and expansion of the Company's European distribution network and European warehouse began to see results. Our manufacturing and international sales and marketing cooperation with Super Soco has also created synergies for both organisations and further supported our growth and with the upward trend of electric vehicle sales in international markets, we are very confident for another successful year in FY2019. I would like to express a special thanks to Vmoto's management team and employees as a lot of hard work and effort has been contributed to achieve this result."

The Company invested significant resources during the year into building international brand awareness for its own products and the Super Soco range (which Vmoto manufactures at its Nanjing manufacturing facility and holds international sales and marketing rights outside of China) by participating in key international market exhibitions and through the development and launch of the new product focused website www.vmosoco.com and new social media platform Vmoto Soco e-mobility on Facebook, Instagram and Youtube.

In November 2018, Vmoto launched the new Super Soco CUX electric scooter and the TC-Max electric motorcycle at EICMA in Milan, Italy. The TC-Max is aimed at B2C markets and ranked by the reputable Electrek website as one of the coolest electric motorcycles coming in 2019 (<https://electrek.co/2018/12/28/electric-motorcycles-coming-2019/>).

Vmoto's participation in EICMA was also boosted by the presence of two significant 'influencers' invited to represent Vmoto. Dario Marchetti, a legendary Ducati motorcycle racer, and Andrea Pirillo, a YouTube star who has gained more than 55 million views for his YouTube channel, promoted and endorsed the Vmoto and the Super Soco brands of two-wheel electric vehicles at the exhibition.

In order to accelerate sales into European markets, the Company established wholly owned European subsidiary and a warehouse in the Netherlands, which became operational in FY2018. The Company is now able to provide direct support to its European distributors and provide more confidence to potential customers with a local presence and after sales service.

The Company also reached agreement with Mr Graziano Milone, a successful Italian entrepreneur and experienced electric vehicle operator, to equally own and jointly manage Vmoto Soco Italy srl, which will focus on distributing electric two-wheel vehicle products in Italy. This cooperation will enable Vmoto to further penetrate the Italian market, fast track our distribution into Italy, including consumer markets, and bring more high performance electric two-wheel vehicle products to Italy.

Strategically positioned for future growth in FY2019

Mr Chen further commented: “Vmoto continues to receive significant interest and sales leads due to its increased sales and marketing activities. With the number of additional distributors signed up and increasing firm orders, Vmoto’s management remains confident that the Company will continue to increase international sales for Super Soco B2C products and its own high performance B2B electric two wheel vehicle products. With the continuing upward trend in sales into Europe, the Company is confident of a successful FY2019.”

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 three primary brands: Vmoto (aimed at the value market in Asia), 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.

Reconciliation of Earnings / (Loss) before Interest, Tax, Depreciation and Amortisation to Net Loss after Tax:

Reconciliation of loss before interest, tax, depreciation and amortisation to net loss after tax		
	FY2018	FY2017
Earnings/(Loss) before interest, tax, depreciation and amortisation	\$18,437	(\$7,302,715)
Depreciation and amortisation	(\$967,128)	(\$775,385)
Loss before interest and tax	(\$948,690)	(\$8,872,057)
Interest income	\$95,990	\$41,117
Interest expense	(\$64,862)	(\$59,689)
Income tax revenue/(expense)	-	-
Net loss after tax	(\$917,563)	(\$8,096,672)

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 2018
Previous Corresponding Reporting Period	12 months ended 31 December 2017

Part 2 – Results for Announcement to the Market

	\$'000	Percentage increase /(decrease) over previous corresponding period
Revenue from ordinary activities	19,578	30%
Loss from ordinary activities after tax attributable to members	(918)	(89%)
Loss attributable to members	(918)	(89%)

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 2018. Comparatives are for the financial year ended 31 December 2017.

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 2018.

Part 3 – Contents of ASX Appendix 4E

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Part 4 – Consolidated Statement of Comprehensive Income

	Year Ended 31 December 2018 \$	Year Ended 31 December 2017 \$
Continuing Operations		
Sales revenue	19,578,395	15,079,424
Cost of goods sold	(16,129,230)	(13,520,308)
Gross profit	3,449,165	1,559,116
Other income	995,858	888,658
Operational expenses	(2,846,217)	(3,084,652)
Marketing and distribution expenses	(617,746)	(426,088)
Corporate and administrative expenses	(1,700,496)	(1,728,633)
Occupancy expenses	(92,509)	(123,332)
Other expenses from ordinary activities	(40,756)	(76,428)
Finance costs	(64,862)	(59,689)
Impairment of prepayments	-	(1,835,755)
Impairment of intangibles	-	(1,218,585)
Impairment of other financial assets	-	(239,674)
Loss from continuing operations before tax	(917,563)	(6,345,062)
Income tax revenue/(expenses)	-	-
Loss after tax from continuing operations	(917,563)	(6,345,062)
Loss from discontinued operations	-	(1,751,610)
LOSS FOR THE YEAR	(917,563)	(8,096,672)
Other comprehensive income		
Foreign currency translation differences	676,176	(113,410)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	(241,387)	(8,210,082)
Loss for the year attributable to:		
Owners of the Company	(917,563)	(8,056,809)
Non-controlling interests	-	(39,863)
	(917,563)	(8,096,672)
Total comprehensive income for the year attributable to:		
Owners of the Company	(241,387)	(8,170,219)
Non-controlling interests	-	(39,863)
	(241,387)	(8,210,082)

Part 5 – Consolidated Accumulated losses

	Year Ended 31 December 2018 \$	Year Ended 31 December 2017 \$
Accumulated losses at the beginning of the period	(58,256,718)	(50,382,976)
Loss for the period	(917,563)	(8,056,809)
Transfer expired options reserve to accumulated losses	48,720	183,067
Accumulated losses at the end of the period	<u>(59,125,561)</u>	<u>(58,256,718)</u>

Part 6 – Consolidated Statement of Financial Position

	31 December 2018 \$	31 December 2017 \$
CURRENT ASSETS		
Cash and cash equivalents	4,193,790	3,172,792
Trade and other receivables	2,118,323	1,385,118
Inventories	5,638,169	2,780,782
Other assets	1,749,024	3,119,683
Total Current Assets	<u>13,699,306</u>	<u>10,458,375</u>
NON CURRENT ASSETS		
Property, plant and equipment	8,556,335	7,814,943
Intangible assets	446,650	595,533
Total Non-Current Assets	<u>9,002,985</u>	<u>8,410,476</u>
TOTAL ASSETS	<u>22,702,291</u>	<u>18,868,851</u>
CURRENT LIABILITIES		
Trade and other payables	6,169,325	3,867,726
Loans and borrowings	1,235,890	1,966,878
Total Current Liabilities	<u>7,405,215</u>	<u>5,834,604</u>
TOTAL LIABILITIES	<u>7,405,215</u>	<u>5,834,604</u>
NET ASSETS	<u>15,297,076</u>	<u>13,034,247</u>
EQUITY		
Issued capital	74,814,382	72,431,566
Reserves	(513,144)	(1,140,601)
Accumulated losses	(59,125,561)	(58,256,718)
Non-controlling interests	121,399	-
TOTAL EQUITY	<u>15,297,076</u>	<u>13,034,247</u>

Part 7 – Consolidated Statement of Cash Flows

	Year Ended 31 December 2018 \$	Year Ended 31 December 2017 \$
Cash flows from operating activities		
Receipts from customers	21,414,094	36,485,909
Payments to suppliers and employees	(21,580,606)	(38,913,803)
Interest received	95,990	126,142
Interest paid	(64,862)	(59,689)
Other cash receipts	402,267	-
Net cash generated by operating activities	266,883	(2,361,441)
Cash flows from investing activities		
Payments for property, plant and equipment	(734,167)	(593,183)
Payments for intangible assets	-	(2,306)
Net cash inflow on disposal of subsidiary	-	285,655
Payments for equity investments	-	(19,197)
Net cash used in investing activities	(734,167)	(329,031)
Cash flows from financing activities		
Proceeds from issue of equity shares	2,212,500	-
Payments for share issue costs	(33,874)	-
Proceeds from borrowings	1,208,531	3,230,396
Repayment of borrowings	(2,056,023)	(1,590,635)
Net cash generated by financing activities	1,331,134	1,639,761
Net increase/(decrease) in cash held	863,850	(1,050,711)
Cash at the beginning of the financial year	3,172,792	4,361,855
Effects of exchange rate changes on cash	157,148	(138,352)
Cash at the end of the financial year	4,193,790	3,172,792

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 2018 \$	Year Ended 31 December 2017 \$
2. REVENUES AND EXPENSES OF CONTINUING OPERATIONS		
(a) Other income		
Interest income	95,990	41,117
Contributions from customers	439,332	589,468
Government subsidies	170,908	49,928
Net foreign exchange gain	56,385	48,133
Rent income	215,655	156,449
Other	17,588	3,563
	<u>995,858</u>	<u>888,658</u>

(b) Other expenses		
Doubtful debts	19,491	76,428
Loss on sale of obsolete stocks	21,265	-
	<u>40,756</u>	<u>76,428</u>

(c) Employee benefits expense		
Wages and salaries costs	1,495,894	1,565,841
	<u>1,495,894</u>	<u>1,565,841</u>

(d) Depreciation and amortisation		
Depreciation of property, plant and equipment	818,245	573,816
Amortisation of intangibles	148,883	201,569
	<u>967,128</u>	<u>775,385</u>

Part 10 – Commentary on Results

Refer to the above Operations Review for commentary on the results for the year ended 31 December 2018.

Part 11 – Notes to the Consolidated Statement of Cash Flows

	Year Ended 31 December 2018 \$	Year Ended 31 December 2017 \$
Reconciliation of loss for the year to net cash flows from operating activities		
Loss after income tax for the year	(917,563)	(8,096,672)
<i>Add non-cash items:</i>		
Depreciation and amortisation	967,128	775,385
Loss on disposals	-	1,520,578
Impairments	-	1,458,259
Share based payment expenses	209,444	141,214
	259,009	(4,201,236)
<i>Changes in assets and liabilities:</i>		
(Increase)/ decrease in receivables	(733,205)	1,492,178
(Increase) / decrease in inventories	(2,857,387)	4,207,045
(Increase)/ decrease in other assets	1,370,659	836,245
Increase/(decrease) in payables	2,227,807	(4,695,673)
	266,883	(2,361,441)
Net cash generated from operating activities	266,883	(2,361,441)

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

Part 13 – Earnings/Loss per Share

	Consolidated	
	Year Ended 31 December 2018	Year Ended 31 December 2017
From continuing and discontinued operations		
Basic earnings/(loss) per share	(0.43 cents)	(4.68 cents)
From continuing operations		
Basic earnings/(loss) per share	(0.43 cents)	(3.66 cents)
The Company's potential ordinary shares are not considered dilutive and accordingly basic loss per share is the same as diluted loss per share.		
Weighted average number of ordinary shares for the purpose of basic earnings per share	213,823,446	172,148,080

Part 14 – Net Tangible Assets per Security

	31 December 2018	31 December 2017
Net tangible asset backing per ordinary security (cents)	6.72	7.07

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

Name of entity	Vmoto Soco Italy s.r.l.
Date of registration	20 December 2018
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)	
	31/12/18 %	31/12/17 %	Year ended 31/12/18 \$A'000	Year ended 31/12/17 \$A'000
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 2018 \$	31 December 2017 \$
Share capital		
221,016,020 (31 December 2017: 176,005,140) fully paid ordinary shares	74,814,382	72,431,566
<i>The following movements in issued capital occurred during the period:</i>		
	Year Ended 31 December 2018	Year Ended 31 December 2017
	Number of Shares	Number of Shares
Balance at beginning of the period	176,005,140	160,769,006
Issue of shares at 7.5 cents each	-	11,764,706
Issue of shares at 7 cents each	-	571,428
Issue of shares at nil consideration	-	2,900,000
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	-
	221,016,020	176,005,140
Options		
The following options to subscribe for ordinary fully paid shares are outstanding at balance date:		
<ul style="list-style-type: none"> ➤ 100,000 options exercisable at \$0.50 each on or before 21 May 2019; ➤ 100,000 options exercisable at \$0.75 each on or before 21 May 2019; ➤ 200,000 options exercisable at \$1.00 each on or before 21 May 2019; ➤ 2,272,727 options exercisable at \$0.65 each on or before 22 May 2021; ➤ 2,272,727 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 and Europe. 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 three principal geographical areas: Australia, China and Europe. In China, manufacturing facilities are operated in Nanjing. In Europe, the warehouse and distribution centre are operated in Netherlands. The following table presents revenue and profit or loss in relation to geographical segments for the twelve month periods ended 31 December 2018 and 31 December 2017:

Continuing Operations	Australia \$A		Nanjing, China \$A		Netherlands, Europe \$A		Intersegment elimination \$A		Consolidated \$A	
	Year ended 31/12/18	Year ended 31/12/17	Year ended 31/12/18	Year ended 31/12/17	Year ended 31/12/18	Year ended 31/12/17	Year ended 31/12/18	Year ended 31/12/17	Year ended 31/12/18	Year ended 31/12/17
Revenue										
Segment revenue	72,758	44,187	18,752,716	15,035,237	752,921	-	-	-	19,578,395	15,079,424
Result										
Segment profit/(loss)	(842,406)	(1,015,640)	83,474	(5,329,422)	(158,631)	-	-	-	(917,563)	(6,345,062)
Assets										
Segment assets	1,634,657	961,135	42,031,651	39,834,569	1,310,356	-	(22,274,373)	(21,926,853)	22,702,291	18,868,851
Liabilities										
Segment liabilities	(141,252)	(172,971)	(29,449,160)	(27,588,486)	(89,176)	-	22,274,373	21,926,853	(7,405,215)	(5,834,604)

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

Part 19 – Subsequent Events

There were no significant events subsequent to year ended 31 December 2018 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		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 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