



## MARKET UPDATE

ANNOUNCEMENT

23 JANUARY 2020

Vmoto Limited (ASX: VMT) (“the Company” or “the Group”) is pleased to provide the following update of its activities for the quarter ended 31 December 2019 (4Q19), during which time the Company delivered strong operational and commercial growth and continued to deliver on its strategy to sell high value electric two-wheel vehicle products into international markets.

### Highlights

- **Positive operational cash flows delivered for 4Q19**
- **Strong cash position of A\$6.6 million as at 31 December 2019, up A\$0.2 million on 3Q19 and up A\$2.4 million in total since 31 December 2018**
- **Total unit sales of 7,008, a 16.3% increase on prior quarter and strong growth trajectory expected to continue**
- **5,525 units sold in international markets, up 14.2% on 3Q19 and 128.4% vs 4Q18**
- **Firm international orders for 3,954 units as at 31 December 2019 and continued significant interest received for Vmoto’s products worldwide**
- **~720 units of *CUX Special Edition Ducati* delivered exceeding minimum contracted units by 80%**
- **~1,100 units sharing electric scooters delivered in 4Q19 to international ride sharing partners in Netherlands and Taiwan, and additional orders from Italian and Australian ride sharing partners confirmed**
- **Strong interest received from customers via new exclusive distributors appointed in strategically important regions**
- **Over 100 sales leads generated from the launch of new models of electric two-wheel vehicles and participation at EICMA exhibition diversifying VMT’s revenue generation**
- **FY19 earnings guidance of Net Profit After Tax (NPAT) of between \$1.0 million and \$1.3 million for FY2019 re-affirmed**

## Financial

As at 31 December 2019, the Company's cash position was A\$6.6 million (3Q19: A\$6.4 million), with the increase driven by cash receipts from customers for firm orders placed and products delivered during the quarter.

The cash position of the Group remains strong and represents a A\$0.2 million increase on the previous quarter. VMT's has delivered cash growth of A\$2.4 million since 31 December 2018.

Additionally, the Company remains in a strong position to deliver continuous growth during 2020 with RMB15 million (approximately A\$3.1 million) of its debt facility remaining undrawn and available. The total amount drawn down under the Company's operating facility was RMB10 million (approximately A\$2.1 million).

The Company re-affirms its earnings guidance, announced on 11 December 2019, of Net Profit After Tax (NPAT) of between \$1.0 million and \$1.3 million for FY2019.

### 4Q19 sales performance - Strong growth delivered

Unit sales for 4Q19 totalled 7,008 units, comprising:

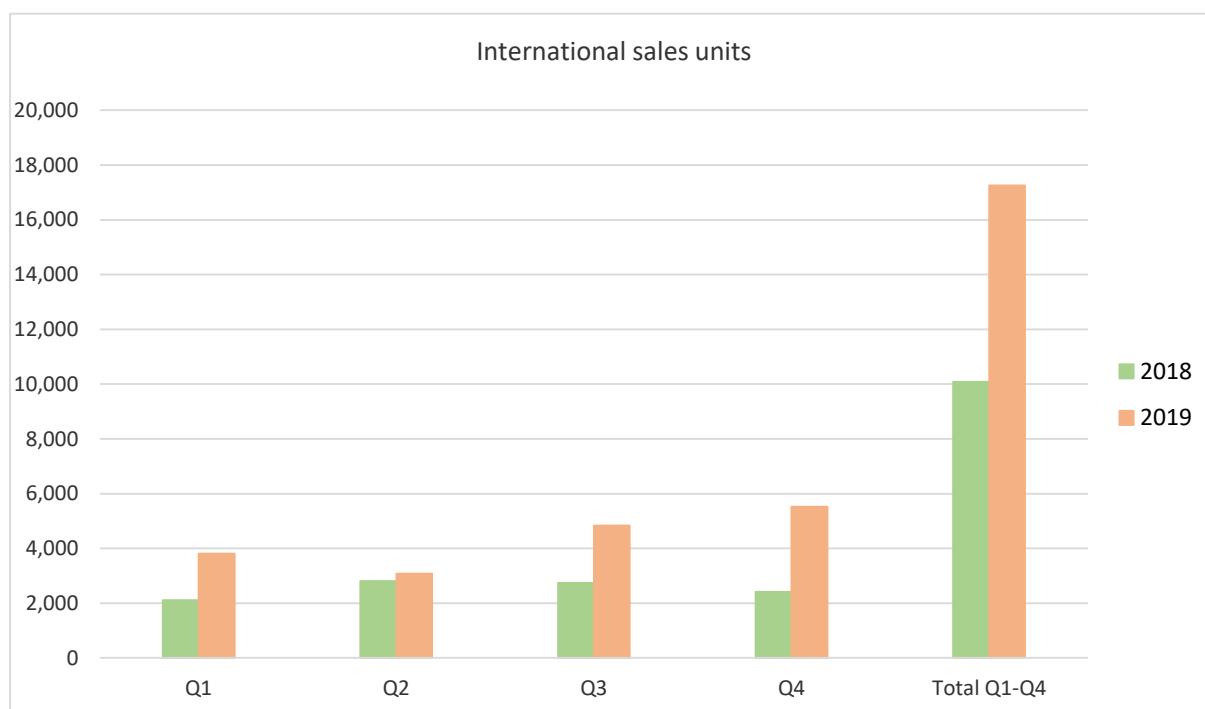
	4Q19	3Q19	4Q18
European customers and distributors	2,281	2,099	1,689
Non-European customers and distributors	3,244	2,740	730
Chinese customers and distributors	1,483	1,188	335
<b>Total</b>	<b>7,008</b>	<b>6,027</b>	<b>2,754</b>

In a significant achievement, VMT delivered a 16.3% increase in total sales for 4Q19, with 7,008 units sold. Of these, 5,525 units were sold into international markets, representing a rapid increase and demonstrating a 14.2% increase compared to 3Q19 and 128.4% compared to 4Q18.

VMT continues to receive strong order flows from customers and the Company expects its upward sales trend to continue in the coming quarters. To support European sales growth, the Company is actively pursuing additional sales opportunities in the B2C and B2B sectors, including the sharing and delivery markets.

For the B2B sharing markets, the Company is now supplying products to three sharing operators and is in discussions with a further nine sharing operators. The Company is also actively exploring the potential to collaborate with world-renowned brands in the vehicle and mobility industry.

The chart below illustrates the Company's strong increase in international unit sales comparing Q1-Q4 quarters of 2018 and 2019:



### Strong order book for 1Q20

As at 31 December 2019, the Company had firm international orders for 3,954 units and has continued to receive further orders from its existing and new distributors subsequent to the quarter end.

Furthermore, government policy and initiatives, especially in Europe, including the offering of monetary incentives for using electric vehicle, green initiatives, banning petrol vehicles and further investment in charging infrastructure further drives the growth in adoption of electric vehicle. These factors are expected to continue to drive the growth in Vmoto's sales over the coming years.

All orders received from international customers and distributors for the B2B E-Max and the B2C Soco models are expected to be delivered in the next three to six months.

### Vmoto and Ducati launch *CUX Special Edition Ducati* electric scooter

Following the signing of a licensing agreement in 2Q19 between Vmoto and Ducati to create the luxury version of Vmoto's current CUX model - the *CUX Special Edition Ducati* electric scooter. The production and first deliveries of the *CUX Special Edition Ducati* electric scooter commenced in 3Q19.

By the end of December 2019, the Company had delivered and sold 720 *CUX Special Edition Ducati* units to international distributors exceeding the minimum contracted unit numbers by 80% and demonstrating the strength of VMT's distributors and VMT's ability to partner with leading strategically important international players.

The Company expects the licensed *CUX Special Edition Ducati* electric scooter to continue to provide strong customer demand from retail consumers.

### **Increasing demand from ride sharing partners**

#### Zig Zag Italy

The Company secured a 350 unit order for sharing electric scooters from Zig Zag Italy, a city vehicle rental service provider, and expects to deliver this order in 1Q20. This follows the delivery of over 170 units of sharing electric scooters to Zig Zag Italy in 2Q19.

#### Go Sharing Netherlands

Vmoto delivered 500 units of ride sharing electric scooters to Go Sharing Netherlands to fulfil its domestic expanding operations. This follows the delivery of approximately 170 units to Go Sharing Netherlands in 3Q19. The Company expects to receive further orders in 1Q20 for additional sharing electric scooters.

#### Gokube Taiwan

Vmoto delivered 600 units to Gokube Taiwan to support its expanding operations and satisfy increasing demand for ride sharing scooters domestically.

Vmoto's Australian and German distributors are also exploring Vmoto's ride sharing electric scooter products and technology, and plan to enter the sharing market, which continues to grow globally. Vmoto's Australian distributor is in the final stages of testing and expects to launch the sharing operation in Australia in 2020.

Vmoto is also in discussion with a number of potential sharing customers from Australia, Brazil, Bulgaria, Czech Republic, Germany, Mexico, Slovakia, Spain and Turkey.

### **New E-Max and Super Soco Model Launch**

During the quarter, the Company 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.

The E-Max VS1 is the B2B electric delivery scooter and will be targeting commercial customers including food and parcel delivery companies. E-Max VS1 is specifically designed for use in the delivery operations and seeks to become the expert of delivery.

The new *Super Soco CPx* electric scooter is designed to specifically target the B2C sector with high speed and high-performance capabilities. The new model has received positive feedback and diversifies and growth the Company's revenue generating potential

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

## **International Distribution**

During the quarter, the Company delivered strong growth in sales from international markets having signed a number of exclusive distribution agreements with international distributors in strategically important locations. These include Brazil, Vietnam, Dominican Republic, Netherlands, Nepal, Portugal and Romania for warehousing, distribution and marketing of the B2C range of electric two-wheel vehicle products.

The distribution agreements signed in each location are with leading domestic distributors and further validates the Company's EV product range. More detailed information regarding the distributors can be found in the original announcement release on the 2<sup>nd</sup> of December 2019.

In addition to the above, Vmoto has also supplied samples to and/or is in discussions with a number of potential B2C and B2B distributors and customers in Brazil, Bulgaria, Cuba, Czech Republic, Dubai, Egypt, Maldives, Malaysia, Indonesia, Paraguay, Russia, Peru, Japan, Israel, Singapore, Slovenia, Mexico, Spain, Slovakia, Thailand and Turkey.

The Company will update the market with material developments when appropriate.

## **2019 EICMA delivers strong sales pipeline**

Vmoto's participation in the 2019 EICMA international motorcycle exhibition, held in Milan, Italy during 5-10 November 2019, drew significant attention and generated over 100 sales leads from potential distributors, customers and partners.

The EICMA Motorcycle Show, hosted annually in Milan, is the premier event for the motorcycle industry.

Prior to the EICMA Motorcycle Show, the Company also took the opportunity to organise a Vmoto's distributors meeting to introduce new products, update distributors on future product developments, strategy and after sales.

## **Other Exhibitions and Marketing**

The Company and its international distributors also participated in a number of marketing events promoting both consumer models and electric delivery models, including:

- Parcel and Post Expo held in Amsterdam, Netherlands from 30 September to 4 October 2019
- Bucharest Auto Show and Accessories held in Bucharest from 10-20 October
- NEC Motorcycle Live Show, held in Birmingham from 16-24 November
- Expo Moto International Trade Show held in Mexico from 21-24 November
- Nantai Technology University Car Show held in Taiwan on 30 November

## Outlook

Vmoto has achieved a number of significant milestones during the quarter and has delivered strong growth in revenue generation, cash position and number of units sold. The Company continues to execute its strategy of selling high value, high performance electric two-wheel vehicles into international markets and remains confident in its ability to deliver further growth in the coming quarter and beyond. This is as a result of VMT's strong sales network and ongoing marketing activities continue to increase brand and product awareness and are driving a healthy and growing pipeline of sales leads.

The Company sees great 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.

Approved by: Board of Vmoto Limited

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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 the Western B2B markets, with a premium end product) and Super Soco (targeting the Western B2C markets).

## Vmoto's Social Media

Vmoto is committed to communicating with the investment community through all available channels including social media. Whilst ASX remains the primary channel for all material announcements and news, all Vmoto shareholders, investors and other interested parties are encouraged to follow Vmoto on website ([www.vmoto.com](http://www.vmoto.com)), Facebook ([www.facebook.com/vmososoco](http://www.facebook.com/vmososoco)), Instagram ([vmososoco](https://www.instagram.com/vmososoco)) and Twitter ([vmososoco](https://twitter.com/vmososoco)).



Photo: 2019 Vmoto's Distributors Meeting held in Milan, Italy in November 2019



Photo: Vmoto's participation in the 2019 EICMA international motorcycle exhibition and launch new products E-Max VS1 and Super Soco CPx





Photo: Upgraded versions of Vmoto's existing B2C models launched in 2019 EICMA



Photo: Vmoto participated in the Parcel and Post Expo held in Amsterdam, Netherlands from 30 September to 4 October 2019



Photo: Expo Moto International Trade Show held in Mexico from 21-24 November



Photo: NEC Motorcycle Live Show, held in Birmingham from 16-24 November



Photo: Vmoto's sharing products on trial with potential Turkey sharing customers