

Appendix 4D

Half Year Report for the half year ended 30 June 2021 to the Australian Stock Exchange

Part 1 – Details of Entity and Reporting Period

| | |
|--|------------------------------|
| Name of Entity | Vmoto Limited |
| ABN | 36 098 455 460 |
| Half Year Ended | 30 June 2021 |
| Previous Corresponding Reporting Period | Half Year Ended 30 June 2020 |

Part 2 – Results for Announcement to the Market

| Key information | Half year ended 30 June 2021 \$'000 | Percentage increase /(decrease) over previous corresponding period |
|--|--|---|
| Revenue from continuing operations | 39,372 | 50% |
| Profit from continuing activities after tax attributable to members | 4,064 | 119% |
| Net profit attributable to members | 4,064 | 119% |

| 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:

Refer to the Review of Activities contained in the Directors' Report which forms part of the attached Half Year Financial Report for details.

Part 3 – Contents of ASX Appendix 4D

| Section | Page | Contents |
|---------|------|--|
| Part 1 | 1 | Details of entity, reporting period |
| Part 2 | 1 | Results for announcement to the market |
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| Part 4 | 3 | Commentary on results |
| Part 5 | 3 | Details relating to dividends |
| Part 6 | 3 | Net tangible assets per security |
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| Part 8 | 4 | Details of associates and joint venture entities |
| Part 9 | 4 | Information on audit or review |
| Part 10 | 4 | Attachments forming part of Appendix 4D |

Part 4 – Commentary on Results

Refer to the Review of Activities contained in the Directors' Report which forms part of the attached Half Year Financial Report for details.

Part 5 – 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 6 – Net Tangible Assets per Security

| | 2021 | 2020 |
|--|------------|-----------|
| Net tangible asset backing per ordinary security | 14.0 cents | 8.7 cents |

Part 7 – Details of Entities over Which Control has been Gained or Lost

| | |
|--|----------------|
| Name of entity (or group of entities) | Not applicable |
| Date control gained or lost | Not applicable |
| 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 | Not applicable |
| Profit (loss) from ordinary activities of the controlled entity (or group of entities) for the whole of the previous corresponding period | Not applicable |
| Contribution to consolidated profit/(loss) from ordinary activities from sale of interest leading to loss of control | Not applicable |

Part 8 – Details of Associates and Joint Venture Entities

| Name of associate and joint venture entities | Ownership Interest | | Contribution to net profit/(loss) | |
|--|--------------------|-----------|-----------------------------------|-----------------|
| | 2021 % | 2020 % | 2021 \$A'000 | 2020 \$A'000 |
| Associates | 50% | 50% | 608 | (103) |
| Joint Venture Entities | N/A | N/A | N/A | N/A |
| Aggregate share of profits/(losses) | N/A | N/A | N/A | N/A |

Part 9 – Information on Audit / Review

| | | | |
|--|--|--|-------------------------------------|
| 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 | <input checked="" type="checkbox"/> |
| The accounts are in the process of being audited or subject to review | | 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:

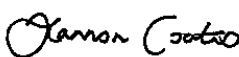
Not applicable

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

Part 10 - Attachments Forming Part of Appendix 4D

| Attachment # | Details |
|--------------|----------------------------|
| 1 | Half Year Financial Report |

| | |
|---|--|
| Signed By Company Secretary | |
|  | |
| Shannon Coates | |
| Date 30th August 2021 | |



VMOTO LIMITED
ABN 36 098 455 460

HALF-YEAR FINANCIAL REPORT
for the six-month period ended 30 June 2021

DIRECTORS' REPORT

The Directors present their report together with the financial report for Vmoto Limited ("Vmoto" or "the Company") and its controlled entities (the "Group") for the half-year ended 30 June 2021 ("1H21") and the auditor's review conclusion thereon.

Financial Overview for 1H21

- Strong financial results
 - Total **revenue of \$39 million**, up 50% on 1H20
 - **Net profit after tax (NPAT) of \$4.0 million**, up 119% on 1H20
 - **Earnings before interest, tax, depreciation and amortisation (EBITDA) of \$5.4 million**, up 100% on 1H20
 - Strong **positive cash flows** from operating activities of **\$1.7 million**
- Strong **cash position of \$16.7 million** as at 30 June 2021, up 11% from \$15 million as at 31 December 2020, with no bank debt as at 30 June 2021
- Net tangible assets of \$39 million at 30 June 2021, up 20% on 31 December 2020

Operational Overview for 1H21

- **Total unit sales of 13,723 units** delivered for 1H21, including 13,139 units into international markets, up 31% on 1H20.
- Significant increased interest from business customers including food delivery, parcel delivery and ride-sharing companies for Vmoto's products with samples and orders delivered in 1H21 and further orders to be delivered in 2H21. Ongoing discussions with these business customers extending their business to include electric two-wheel vehicles and incorporate some of their products into Vmoto's electric two-wheel vehicle and distribution network, which has the potential to substantially enhance the Company's product offerings and business reach around the world.
- **13 international distributorships** established via ongoing expansion of Vmoto's international distribution network. Vmoto now has a total of 53 international distributors.
- Vmoto and its international distributors have participated in a number of international marketing events and opened a number of dedicated stores, which have proven commercially beneficial and provided a large number of business development leads and sales.
- Vmoto signed a sponsorship and marketing agreement to supply scooters and exhibit its brands at the world class electric motorcycle racing event, FIM ENEL MotoE World Cup ("MotoE") during the 2021-2023 seasons.
- Vmoto successfully held its first "2021 Vmoto Soco ProDay" event at Misano World Circuit in 1H21, which featured several world-famous professional motorcycle racers.

D I R E C T O R S ' R E P O R T

1. Directors

The Directors of the Company at any time during or since the end of the half-year are:

| Name | Period of Directorship |
|--|----------------------------|
| Mr Charles Chen <i>Managing Director</i> | Appointed 5 January 2007 |
| Mr Ivan Teo <i>Finance Director</i> | Appointed 29 January 2013 |
| Mr Kaijian Chen <i>Non-Executive Director</i> | Appointed 1 September 2011 |
| Ms Shannon Coates <i>Non-Executive Director</i> | Appointed 23 May 2014 |
| Mr Blair Sergeant <i>Non-Executive Director</i> | Appointed 4 November 2020 |

2. Results

Strong growth in net profit after tax ("NPAT") for the Group was delivered for 1H21 of \$3,979,283 compared to the net profit after tax of \$1,812,704 for 1H20, representing an increase of \$2,166,579 (120%).

Significant increase in earnings before interest, tax, depreciation and amortisation ("EBITDA") for the Group for 1H21 was also delivered, equating to \$5,425,169 compared to EBITDA of \$2,708,393 for 1H20. This represents an increase of \$2,716,776 (100%).

The following table provides a reconciliation between NPAT and EBITDA for 1H21:

| | |
|---|-------------|
| Net profit after tax for 1H21 | \$3,979,283 |
| Add back: | |
| Interest income | (\$80,401) |
| Interest expenses | \$12,144 |
| Tax | \$619,492 |
| Depreciation and amortisation | \$894,651 |
| Earnings before interest, tax, depreciation and amortisation for 1H21 | \$5,425,169 |

The consolidated revenue from continuing operations for 1H21 was up 50% to \$39,372,424 (1H20: \$26,217,205).

The Group also achieved positive operating cash flows of \$1.7 million for 1H21 due to increasing sales and orders from international customers and distributors. The cash position of the Group was A\$16.7 million, with no bank debt as at 30 June 2021.

DIRECTORS' REPORT

3. First Half-Year Activities

1H21 – Vmoto continues to deliver exceptional growth in revenue and targeting new strategic opportunities

In 1H21, Vmoto continued its growth trajectory during 1H21, with strong sales delivering NPAT of circa \$4.0 million. The Company's international growth strategy has continued to show results, with the majority of sales from international markets.

The Company is targeting new strategic opportunities including:

- working with business customers to integrate and extend their business to include electric two-wheel vehicles for business use;
- incorporating some of the business customers products into Vmoto's electric two-wheel vehicle and distribution network; and
- entering into new international markets;

all of which have the potential to substantially enhance the Company's product offerings and business reach around the world.

The Company sold a total of 13,723 units of electric two-wheel vehicles in 1H21, representing an increase of 31% on 1H20, translating to total revenue of \$39 million.

Vmoto secures its largest single order (A\$13 million) from Greenmo Group

Vmoto secured its largest ever B2B order to date of 5,904 units in 1H21, representing a total sales value of approximately A\$13 million, from VMT's strategic B2B customer, Greenmo Group. The repeat order from Greenmo Group was manufactured and delivered in 1H21 and highlighted the large growth opportunity represented by international B2B business.

Greenmo founded GO Sharing (go-sharing.nl), which is a European ride-sharing company focused on providing electric scooter rental services through its ride-sharing mobile phone application, which allows users to locate, unlock, ride and return GO Sharing electric scooters to multiple locations. Greenmo Group is rolling out its ride-sharing platform and rental delivery business across the Netherlands, Turkey, Belgium, Germany and Austria and its ride-sharing subsidiary, Go Sharing, continues to gain traction as it expands globally.

MOU signed with Bird Group of India, the world's largest two-wheel vehicle market

Vmoto signed an MOU with one of India's largest travel technology companies, the Bird Group, regarding the potential exclusive distribution of the Company's CUX and CUMini range of two-wheel electric vehicles (EVs) across India.

India is the largest internal combustion engine (ICE) two-wheeler market in the world, having sold 162.6 million units between 2011 and 2020, and the Indian two-wheel EV market size is expected to reach USD750 million by 2025¹ and current Indian government policies support the transition of the ICE two-wheeler to two-wheel EVs, including subsidies, stringent emission regulations and a proposed banning of ICE two-wheel vehicles.

Given the impacts of the Covid-19 pandemic on India in 1H21, the Company expects the finalisation of the proposed exclusive distribution agreement to be delayed and the Company is closely monitoring and in regular discussions to support Bird Group. Bird Group remains committed to the MoU and is working on business plans for distributing Vmoto's B2C CUX and CUMini range of electric two-wheel vehicles across India.

1. India Electric Two-Wheeler Market – Industry Outlook and Forecast 2020-2025 by www.arizton.com

DIRECTORS' REPORT

International markets

In 1H21, the Company signed new or renewed existing distribution agreements with international distributors in Ecuador, Peru, French Polynesia, Israel, Vietnam, Georgia, Indonesia, Mauritius, Bolivia, Czech Republic, Brazil, Cayman Islands and Azerbaijan for the warehousing, distribution and marketing of its B2C range of electric two-wheel vehicles.

Vmoto has also supplied samples to and/or is in discussions with a number of potential B2C and B2B distributors and customers in Austria, Bahrain, Bangladesh, Bulgaria, Denmark, Guatemala, Georgia, Greece, India, Korea, Rwanda, Malaysia, Mexico, Pakistan, Portugal, Puerto Rico, Russia, Saudi Arabia, Singapore, Slovenia, South Africa, Spain, Switzerland, Thailand, United Arab Emirates, Ukraine and United States.

As at 30 June 2021, the Company had firm international orders for 9,636 units, providing a solid runway for sales growth in the remainder of FY21. This is in addition to the significant B2B order of 5,904 units secured from Greenmo Group in January 2021, which was fully delivered in 1H21.

Vmoto drives European sales with MotoE agreement

In June 2021, Vmoto signed a sponsorship and marketing agreement to supply scooters and exhibit its brands at the world class electric motorcycle racing event, FIM ENEL MotoE World Cup ("MotoE") during the 2021-2023 seasons.

MotoE, part of MotoGP, is a world class motorcycle racing event that uses only electric motorcycles. MotoE hold seven racing events per year in conjunction with the MotoGP World Championship across Spain, France, the Netherlands, Austria and San Marino and these events attract more than 158,000 on-track spectators as well as millions of viewers via the live TV broadcast.

Under the terms of the agreement, Vmoto will be the Scooter Supplier of MotoE at all events during the 2021-2023 seasons. Vmoto will also advertise, exhibit and display the Company's brands via MotoE's official website (www.motogp.com/en/FIM+Enel+MotoE+World+Cup), season report book and Dorna's annual review.

Sponsorship and marketing of MotoE racing events represents a significant opportunity for Vmoto to generate large amounts of additional exposure amongst potential new customers as well as potential future B2B partners.

2021 Vmoto Soco ProDay Event

Post 1H21, Vmoto held its first 2021 Vmoto Soco ProDay at the Misano World Circuit, which featured many of Vmoto's partners and professional riders who are passionate about motorcycles and some world-famous motorcycle racers including world champion Mr Jorge Lorenzo, Mr Michele Pirro, Mr Dario Marchetti, Mr Marco Lucchinelli, Mr Massimo Roccoli and Mr Gianfranco Guareschi.

The circuit at Misano World Circuit was also enriched by the presence of many renowned brands of the sector that wanted to be present at such an important event as well as offering assistance to riders.

DIRECTORS' REPORT

Outlook

Vmoto delivered very strong 1H21 financial results as the Company continues to execute on its strategy of selling high performance and value electric two-wheel vehicles into international markets. The Company continues to build both its B2B and B2C distribution networks worldwide and when combined with the solid international orders, provides a strong outlook for the remainder of FY21.

Global macro factors such as mitigating the impacts of climate change and the transition towards electric vehicles, provides Vmoto with a strong platform from which to accelerate its growth opportunities. The Company continues to focus on expanding its product range to extend its reach and appeal to a broader spectrum of the market for electric vehicle users, including developing new products and collaborate with renowned brands and companies to incorporate some of their products and technologies into Vmoto's electric two-wheel vehicles and distribution network, which substantially enhance the Company's product offerings and business reach around the world.

Vmoto continues to broaden its commercialisation strategy and is confident it will be able to continue delivering strong sales and revenue growth for the remainder of FY21 and beyond.

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

The Auditor's Independence Declaration is set out on page 19 and forms part of the Directors' Report for the half year ended 30 June 2021.

Dated at Perth, Western Australia, this 30th day of August 2021

Signed in accordance with a resolution of the Directors:



Charles Chen
Managing Director



VMOTO LIMITED
ABN 36 098 455 460

CONDENSED CONSOLIDATED
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021

| | Note | 30 June 2021 \$ | 31 December 2020 \$ |
|---|------|--------------------|------------------------|
| CURRENT ASSETS | | | |
| Cash and cash equivalents | | 16,700,888 | 14,997,486 |
| Trade and other receivables | | 9,179,080 | 8,724,876 |
| Inventories | | 10,029,800 | 4,487,723 |
| Prepayments | 7 | 4,654,382 | 437,710 |
| Total Current Assets | | 40,564,150 | 28,647,795 |
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | 5 | 5,939,269 | 6,496,557 |
| Right-of-use assets | | 420,222 | 478,605 |
| Investments accounted for using equity method | 6 | 6,779,998 | 5,943,885 |
| Total Non-Current Assets | | 13,139,489 | 12,919,047 |
| TOTAL ASSETS | | 53,703,639 | 41,566,842 |
| CURRENT LIABILITIES | | | |
| Trade and other payables | | 4,935,895 | 3,352,946 |
| Unearned revenue | | 8,497,674 | 4,235,260 |
| Current tax liabilities | | 321,233 | 308,254 |
| Lease liabilities | | 109,282 | 107,416 |
| Total Current Liabilities | | 13,864,084 | 8,003,876 |
| NON-CURRENT LIABILITIES | | | |
| Lease liabilities | | 343,593 | 402,171 |
| Total Non-Current Liabilities | | 343,593 | 402,171 |
| TOTAL LIABILITIES | | 14,207,677 | 8,406,047 |
| NET ASSETS | | 39,495,962 | 33,160,795 |
| EQUITY | | | |
| Issued capital | 3 | 90,071,106 | 89,823,509 |
| Reserves | 3 | (603,380) | (2,711,667) |
| Accumulated losses | | (49,861,711) | (53,925,418) |
| Non-controlling interests | | (110,053) | (25,629) |
| TOTAL EQUITY | | 39,495,962 | 33,160,795 |

The condensed consolidated statement of financial position is to be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED STATEMENT OF
PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 30 JUNE 2021

| | Note | Half-year ended 30 June 2021 \$ | Half-year ended 30 June 2020 \$ |
|--|------|---------------------------------------|---------------------------------------|
| Continuing Operations | | | |
| Revenue from sale of goods | | 39,372,424 | 26,217,205 |
| Cost of sales | | (28,704,739) | (20,619,911) |
| Gross profit | | 10,667,685 | 5,597,294 |
| Other income | 2 | 638,111 | 942,074 |
| Operational expenses | | (4,699,497) | (2,657,183) |
| Marketing and distribution expenses | | (476,120) | (493,772) |
| Corporate and administrative expenses | | (1,883,099) | (1,163,974) |
| Occupancy expenses | | (88,112) | (79,547) |
| Other expenses | 2 | (236,887) | - |
| Operating profit | | 3,922,081 | 2,144,892 |
| Share of profits from equity accounted investments | 6 | 608,436 | (103,460) |
| Finance costs | | (12,143) | (67,637) |
| Finance income | | 80,401 | 59,699 |
| Profit before tax | | 4,598,775 | 2,033,494 |
| Tax expense | | (619,492) | (220,790) |
| Profit for the period | | 3,979,283 | 1,812,704 |
| Other comprehensive income | | | |
| Foreign currency translation differences | 3 | 1,491,684 | (85,279) |
| Other comprehensive income for the period, net of tax | | 1,491,684 | (85,279) |
| Total comprehensive income for the period | | 5,470,967 | 1,727,425 |

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR
LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)
FOR THE HALF-YEAR ENDED 30 JUNE 2021

| | Note | Half-year ended 30 June 2021 \$ | Half-year ended 30 June 2020 \$ |
|--|------|---------------------------------------|---------------------------------------|
| Profit / (Loss) attributable to: | | | |
| Owners of the Company | | 4,063,707 | 1,855,836 |
| Non-controlling interest | | (84,424) | (43,132) |
| Profit for the period | | 3,979,283 | 1,812,704 |
| Total comprehensive income attributable to: | | | |
| Owners of the Company | | 5,555,391 | 1,770,557 |
| Non-controlling interest | | (84,424) | (43,132) |
| Total comprehensive income for the period | | 5,470,967 | 1,727,425 |
| Earnings per share attributable to the ordinary equity holders of the Company | | | |
| Basic Earnings per Share from Continuing Operations | | 1.43 cents | 0.79 cents |
| Diluted Earnings per Share from Continuing Operations | | 1.40 cents | 0.78 cents |

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

CONDENSED CONSOLIDATED
STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 30 JUNE 2021

| | Note | Half-year ended 30 June 2021 \$ | Half-year ended 30 June 2020 \$ |
|--|------|---------------------------------------|---------------------------------------|
| Cash flows from operating activities | | | |
| Receipts from customers | | 46,432,464 | 23,891,746 |
| Payments to suppliers and employees | | (45,337,591) | (21,527,816) |
| Interest received | | 78,973 | 59,699 |
| Interest paid | | - | (52,017) |
| Other cash receipts | | 539,297 | 567,526 |
| Net cash generated by operating activities | | 1,713,143 | 2,939,138 |
| Cash flows from investing activities | | | |
| Payments for property, plant & equipment | | (226,297) | (119,579) |
| Payments for equity-accounted investments | | - | (6,182,635) |
| Net cash used in investing activities | | (226,297) | (6,302,214) |
| Cash flows from financing activities | | | |
| Proceeds from issue of shares | | - | 4,100,326 |
| Proceeds from borrowings | | - | - |
| Repayment of borrowings | | - | - |
| Other cash payments | | - | (16,528) |
| Net cash generated by financing activities | | - | 4,083,798 |
| Net increase/(decrease) in cash and cash equivalents | | 1,486,846 | 720,722 |
| Cash and cash equivalents at beginning of period | | 14,997,486 | 6,648,039 |
| Effect of exchange rate fluctuations on cash held | | 216,556 | 26,191 |
| Cash and cash equivalents at end of period | | 16,700,888 | 7,394,952 |

The condensed consolidated statement of cash flows is to be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 30 JUNE 2021

| Consolidated | Issued Capital \$ | Reserves \$ | Accumulated Losses \$ | Non-controlling Interests \$ | Total \$ |
|---|-------------------------|------------------|-----------------------------|------------------------------------|-------------------|
| Balance as at 1 January 2020 | 75,353,596 | (720,969) | (57,662,374) | 55,467 | 17,025,720 |
| Profit/(Loss) for the period | - | - | 1,855,836 | (43,132) | 1,812,704 |
| Other comprehensive income | - | (85,279) | - | - | (85,279) |
| Total comprehensive income for the period | - | (85,279) | 1,855,836 | (43,132) | 1,727,425 |
| Issue of ordinary shares | 4,085,300 | - | - | - | 4,085,300 |
| Vest of share-based expenses | 101,311 | - | - | - | 101,311 |
| Balance as at 30 June 2020 | 79,540,207 | (806,248) | (55,806,538) | 12,335 | 22,939,756 |
| Balance as at 1 January 2021 | 89,823,509 | (2,711,667) | (53,925,418) | (25,629) | 33,160,795 |
| Profit/(Loss) for the period | - | - | 4,063,707 | (84,424) | 3,979,283 |
| Other comprehensive income | - | 1,491,684 | - | - | 1,491,684 |
| Total comprehensive income for the period | - | 1,491,684 | 4,063,707 | (84,424) | 5,470,967 |
| Issue of ordinary shares | 77,500 | - | - | - | 77,500 |
| Vest of share-based expenses | 170,097 | 616,603 | - | - | 786,700 |
| Balance as at 30 June 2021 | 90,071,106 | (603,380) | (49,861,711) | (110,053) | 39,495,962 |

The condensed consolidated statement of changes in equity is to be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES

The half year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Group as the full financial report.

The half year financial report should be read in conjunction with the Annual Financial Report of Vmoto Limited for the year ended 31 December 2020.

It is also recommended that the half year financial report be considered together with any public announcements made by Vmoto Limited and its controlled entities during the half year ended 30 June 2021 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

(a) Basis of Preparation

The half year financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standard AASB 134 "Interim Financial Reporting".

(b) Significant changes in accounting policies

The half year consolidated financial statements have been prepared using the same accounting policies as used in the annual financial statements for the year ended 31 December 2020.

The Group has adopted all the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to their operations and effective for the current half year.

The adoption of these amendments and interpretations does not have any material impact on this half year financial report.

(c) Principles of Consolidation

The parent entity and its subsidiaries are collectively referred to as the "Group". The parent of this Group is Vmoto Limited. Entities over which the parent (or the Group) directly or indirectly exercises control are called "subsidiaries". The consolidated financial statements incorporate the assets, liabilities and results of all subsidiaries. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The assets, liabilities and results of subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between group companies are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. PROFIT FOR THE PERIOD

Profit before income tax expense includes the following revenues and expenses whose disclosure is relevant in explaining the performance of the entity:

| | 30 June 2021 \$ | 30 June 2020 \$ |
|-------------------------------|--------------------|--------------------|
| (i) Other income | | |
| Contributions from customers | 309,214 | 336,633 |
| Government subsidies | 101 | 288,400 |
| Rent income | 325,428 | 227,339 |
| Net foreign exchange gain | - | 89,509 |
| Other income | 3,368 | 193 |
| | <u>638,111</u> | <u>942,074</u> |
| (ii) Expenses | | |
| Depreciation and amortisation | 894,652 | 666,962 |
| Employee benefits | 1,883,099 | 1,173,315 |
| (iii) Other Expenses | | |
| Net foreign exchange losses | 236,887 | - |
| | <u>236,887</u> | <u>-</u> |

3. ISSUED CAPITAL AND RESERVES

| | 30 June 2021 \$ | 31 December 2020 \$ |
|---|---|------------------------------|
| Issued Capital | | |
| <i>Ordinary shares</i> | | |
| 278,510,084 (31 December 2020: 277,347,515) ordinary shares, fully paid | <u>90,071,106</u> | <u>89,823,509</u> |
| | | |
| | Number of Ordinary Fully Paid Shares | Issued Capital \$ |
| <i>Movements in ordinary shares on issue</i> | | |
| Balance 1 January 2021 | 277,347,515 | 89,823,509 |
| Issue of Shares at nil consideration | 970,000 | - |
| Issue of Shares at 44 cents each | 89,888 | 40,000 |
| Issue of Shares at 37 cents each | 102,681 | 37,500 |
| Vest of share-based expenses | - | 170,097 |
| Share issue costs | <u>-</u> | <u>-</u> |
| Balance 30 June 2021 | <u>278,510,084</u> | <u>90,071,106</u> |

At the shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Options

There were no options to subscribe for ordinary fully paid shares outstanding at 30 June 2021.

Service and Performance Rights

The Company has the following service and performance rights issued to directors at 30 June 2021.

| Class | Grant date | Expiry date | Number of rights |
|-------------------------|-------------|-------------|------------------|
| 2020 service rights | 16 Dec 2020 | 18 Dec 2021 | 850,000 |
| 2020 service rights | 16 Dec 2020 | 18 Dec 2022 | 850,000 |
| 2020 performance rights | 16 Dec 2020 | 31 Dec 2022 | 4,037,117 |
| 2021 performance rights | 13 May 2021 | 31 Dec 2023 | 1,870,172 |

Fair value of rights

The fair value of rights granted have been valued using a Monte Carlo Methodology, taking into account the terms and conditions upon which the rights were granted. A summary of the inputs used in the valuation of the rights is as follows:

| | 2020 Service Rights | 2020 Performance Rights | 2021 Performance Rights |
|---|---------------------|-------------------------|-------------------------|
| Grant date | 16 Dec 2020 | 16 Dec 2020 | 13 May 2021 |
| Vesting period | 0-24 months | 24 months | 36 months |
| Share price at grant date | \$0.36 | \$0.36 | \$0.36 |
| Exercise price | nil | nil | nil |
| Risk free rate (%) | 0.1051 | 0.1051 | 0.1051 |
| Volatility (%) | 70% | 70% | 70% |
| Number of rights | 3,400,000 | 4,037,117 | 1,870,172 |
| Total value of rights | \$1,224,000 | \$1,360,105 | \$362,347 |
| Value recognised during the period | \$223,125 | \$333,087 | \$60,391 |



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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Reserves

| | 30 June 2021 \$ | 31 December 2020 \$ |
|---|--------------------|------------------------|
| Reserves at the beginning of the period | (2,711,667) | (720,969) |
| Issue of service and performance rights | - | 658,882 |
| Transfer vested service rights to issued capital | - | (612,000) |
| Vest of share-based expenses | 616,603 | - |
| Movements in foreign currency translation reserve | 1,491,684 | (2,037,580) |
| Reserves at the end of the period | (603,380) | (2,711,667) |
| Comprises of: | | |
| Share-based payment reserve | 663,485 | 46,882 |
| Foreign currency translation reserve | (1,266,865) | (2,758,549) |
| Reserves at the end of the period | (603,380) | (2,711,667) |

The foreign currency translation reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations.

4. SEGMENT REPORTING

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

Reported segments were based on the geographical segments of the Group, 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 six-month periods ended 30 June 2021 and 30 June 2020:



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4. SEGMENT REPORTING (cont'd)

Half year ended 30 June 2021

| | Continuing Operations | | | | Intersegment Elimination | Total Operations |
|------------------------------------|-----------------------|-------------------------|--------------|-----------------|--------------------------|------------------|
| | Australia \$ | Nanjing, China \$ | Europe \$ | Singapore \$ | \$ | \$ |
| Revenue | | | | | | |
| Sales to external customers | 330 | 36,371,774 | 2,980,035 | 20,285 | - | 39,372,424 |
| Result | | | | | | |
| Segment profit/(loss) | (1,053,403) | 4,989,511 | 54,855 | (11,680) | - | 3,979,283 |
| Assets at 30 June 2021 | | | | | | |
| Segment assets | 544,125 | 80,618,709 | 4,441,780 | 839,000 | (32,739,975) | 53,703,639 |
| Liabilities at 30 June 2021 | | | | | | |
| Segment liabilities | (121,452) | (44,238,698) | (2,362,474) | (225,028) | 32,739,975 | (14,207,677) |

Half year ended 30 June 2020

| | Continuing Operations | | | | Intersegment Elimination | Total Operations |
|-----------------------------------|-----------------------|-------------------------|--------------|-----------------|--------------------------|------------------|
| | Australia \$ | Nanjing, China \$ | Europe \$ | Singapore \$ | \$ | \$ |
| Revenue | | | | | | |
| Sales to external customers | 3,355 | 20,825,981 | 2,159,463 | 3,228,406 | - | 26,217,205 |
| Result | | | | | | |
| Segment profit/(loss) | (475,657) | 1,955,777 | 4,585 | 327,999 | - | 1,812,704 |
| Assets at 31 Dec 2020 | | | | | | |
| Segment assets | 873,684 | 70,368,944 | 2,995,035 | 612,604 | (33,283,425) | 41,566,842 |
| Liabilities at 31 Dec 2020 | | | | | | |
| Segment liabilities | (175,259) | (39,585,632) | (1,834,904) | (93,677) | 33,283,425 | (8,406,047) |

The total assets of the Group have increased \$12,136,797 and total liabilities of the Group have increased \$5,801,630 as compared to that in the last annual financial report for the year ended 31 December 2020.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. PROPERTY, PLANT & EQUIPMENT

| | Plant & equipment | Motor vehicles | Land | Building | Total |
|-------------------------------------|-------------------|----------------|-----------|-------------|-------------|
| Half year ended 30 June 2021 | | | | | |
| Balance at 1 January 2021 | 795,420 | 85,784 | 1,011,426 | 4,603,927 | 6,496,557 |
| Additions | 22,825 | - | - | 62,839 | 85,664 |
| Depreciation for the period | (403,565) | (11,714) | - | (425,425) | (840,704) |
| Exchange differences | 919 | 1,516 | 36,351 | 158,966 | 197,752 |
| Balance at 30 June 2021 | 415,599 | 75,586 | 1,047,777 | 4,400,307 | 5,939,269 |
| At 30 June 2021 | | | | | |
| Cost | 1,965,457 | 129,167 | 1,047,777 | 7,277,063 | 10,419,464 |
| Accumulated depreciation | (1,549,858) | (53,581) | - | (2,876,756) | (4,480,195) |
| Net carrying amount | 415,599 | 75,586 | 1,047,777 | 4,400,307 | 5,939,269 |

6. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

The Group has a 50% equity interest in Nanjing Vmoto Soco Intelligent Technology Co, Ltd ("Vmoto Soco Manufacturing"), which is a jointly owned manufacturing company with Super Soco Intelligent Technology (Shanghai) Co, Ltd. The Group's interest in Vmoto Soco Manufacturing is accounted for using equity method in the consolidated financial statements as the Group does not control or have joint control over Vmoto Soco Manufacturing. Summarised financial information of the Group's share in Vmoto Soco Manufacturing is as follows:

| | Half-year ended 30 June 2021 | Half-year ended 30 June 2020 |
|---|---------------------------------|---------------------------------|
| Current assets | 29,722,695 | 9,029,469 |
| Non-current assets | 6,471,587 | 6,183,154 |
| Current liabilities | (22,544,458) | (3,045,363) |
| Non-current liabilities | - | - |
| Net assets (100%) | 13,559,996 | 12,167,260 |
| Group's share of net assets (50%) | 6,779,998 | 6,083,630 |
| Carrying amount of interest in equity accounted investments | 6,779,998 | 6,083,630 |
| Revenue | 23,820,799 | 9,824,921 |
| Cost of sales | (17,951,725) | (7,544,375) |
| Administrative expenses | (4,554,222) | (2,487,466) |
| Tax expenses | (97,980) | - |
| Profit/(Loss) for the period from continuing operations (100%) | 1,216,872 | (206,920) |
| Other comprehensive income | - | - |
| Total comprehensive income for the period from continuing operations (100%) | 1,216,872 | (206,920) |
| Group's share of profit/(loss) for the period (50%) | 608,436 | (103,460) |

Vmoto Soco Manufacturing had no contingent liabilities or capital commitments as at 30 June 2021.



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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7. PREPAYMENTS

| | 30 June 2021 | 31 December 2020 |
|-------------|--------------|------------------|
| | \$ | \$ |
| Prepayments | 4,654,382 | 437,710 |

The prepayments are payments in advance to suppliers for the supply of electric two-wheel vehicle inventories.

8. SUBSEQUENT EVENTS

As at the date of this report, there were no other significant events subsequent to the half year ended 30 June 2021 and prior to the date of this report that have not been dealt with elsewhere in this report.

9. FAIR VALUE MEASUREMENT

Financial Instruments

The Group's financial instruments consist of trade and other receivables, trade and other payables and borrowings. These financial instruments are measured at amortised cost, less any provision for non-recovery. The carrying amount of the financial assets and liabilities approximate their fair value.

DIRECTORS' DECLARATION

The Directors declare that:

- (a) in the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- (b) in the Directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with Accounting Standard AASB 134: Interim Financial Reporting and giving a true and fair view of the financial position as at 30 June 2021 and of its performance for the half year ended on that date.

Signed in accordance with a resolution of the Directors made pursuant to s303(5) of the Corporations Act 2001.

Dated at Perth, Western Australia, this 30th day of August 2021

On behalf of the Directors



Charles Chen
Managing Director

To the Board of Directors

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

As lead audit partner for the review of the financial statements of Vmoto Limited for the half year ended 30 June 2021, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- any applicable code of professional conduct in relation to the review.

Yours Faithfully


HALL CHADWICK
 Chartered Accountants


DOUG BELL CA
 Partner

Dated at Perth this 30th day of August 2021

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF VMOTO LIMITED

We have reviewed the accompanying half-year financial report of Vmoto Limited ("the Company") and Controlled Entities ("the Consolidated Entity") which comprises the condensed consolidated statement of financial position as at 30 June 2021, the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration of the Consolidated Entity, comprising the Company and the entities it controlled during the half-year.

Directors Responsibility for the Half-Year Financial Report

The directors of the Company 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 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 Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2021 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. As the auditor of the Consolidated Entity, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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.

Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001.

Independent Auditor's Review Report
To the Members of Vmoto Limited (Continued)

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Vmoto Limited and Controlled Entities is not in accordance with the Corporations Act 2001 including:

- a. Giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2021 and of its performance for the half-year ended on that date; and
- b. Complying with Accounting Standard AASB 134: Interim Financial Reporting and Corporations Regulations 2001.



HALL CHADWICK
Chartered Accountants



DOUG BELL CA
Partner

Dated at Perth this 30th day of August 2021