

11 March 2024

ASX Listing Compliance
Level 40, Central Park,
152-158 St Georges Terrace, Perth WA 6000

By email: Caitlyn.Cooke@asx.com.au

Dear Caitlyn,

VMOTO LIMITED (ASX: VMT) (VMOTO or COMPANY): RESPONSE TO ASX AWARE LETTER

We refer to your letter dated 7 March 2025 (“Aware Letter”) and the Company responds to your queries and requests in the same order as raised. Unless otherwise indicated, capitalised terms in this response have the same meaning as given in the Aware Letter.

- 1. Does VMT consider its FY24 NPAT (being \$19,208) differed materially from the market’s expectations, having regard to VMT’s published FY24 Earnings Guidance (being an expected loss after tax of between \$3,300,000 to \$3,600,000)? In responding to this question, please have regard to ASX’s commentary in paragraphs 4(a) and 4(b) of section 7.3 of Guidance Note 8 about when a variation from market expectations may be material.*

No. Whilst Vmoto’s FY24 results exceeded earnings guidance, the outperformance was not material having regard to ASX’s commentary in paragraph 4(a) of section 7.3 of Guidance Note 8. Vmoto also notes that there was minimal share price movement during the trading day after the results were released on very low volumes evidencing that the market did not consider the results to be material.

- 2. If the answer to question 1 is “no”, please explain the basis for that conclusion.*

- As the Company was preparing its accounts for the financial year ending 31 December 2024, there was still uncertainty regarding whether the operating results of the Company would exceed earnings guidance from the disclosure in the Q1 Update because:
 - the Company’s Europe and Thailand subsidiaries continue to incur relatively high operating costs and are making losses;
 - since September 2024, the Company’s Netherlands customers have been late in their instalment payments to Vmoto, which accounted for total receivables of approximately USD 1.2 million (circa AUD 1.9 million) and it was still unclear whether these receivables needed to be impaired in the accounts;
 - in the fourth quarter of 2024, the Company signed an agreement with a Netherlands customer to sell some of its slow and obsolete inventories in Italy, which accounted for total amount of US\$680,000 (AUD 1.08 million). However, the majority of units were only being delivered in February 2025, which had caused uncertainty before this date about whether it could be accounted for in the accounts; and
 - it was uncertain until immediately prior to the release of the Preliminary Final Report that the above impairments of slow and obsolete stocks and doubtful debts would not be required.
- It was only when the Company was finalising the accounts for the Preliminary Final Report in late February 2025 that it formed a firm judgement that the expected impairments on slow and obsolete stocks and doubtful debts should not be impaired due to the following:
 - the Company signed a settlement agreement in late February 2025 with the Netherlands customer that was guaranteed by its Turkey parent entity; and
 - the majority of the Italy slow and obsolete stocks were delivered to the Netherlands customer in February 2025, meaning that that the impairment for these slow and obsolete stocks would not be required for the year ending 31 December 2024.

For personal use only



- c. Accordingly, up until the events in paragraph (c) occurred, Vmoto did not expect there to be a variance sufficient to trigger a disclosure obligation for the purpose of paragraph 4(a) of section 7.3 of ASX Guidance Note 8 (noting that paragraph 4(b) is not applicable in these circumstances). Up until Vmoto's accounts for the Preliminary Final Report were finalised and approved by the directors for release to the ASX on 28 February 2025, Vmoto faced a number of outstanding accounting matters that had not been finalised. The resolution of those matters in the way that ultimately transpired affected the reported results. So it was only at the time of approving and releasing the Preliminary Final Report that Vmoto had certainty around the transactions referred to above.
- d. In any event, the above events are in the ordinary course for an operating business selling into a number of international markets (i.e., Vmoto's international sales can be "lumpy" as per footnote 237 of ASX Guidance Note 8).
- e. Furthermore, Vmoto has made three quarterly updates since its original guidance on 2 August 2024, 4 November 2024 and 4 February 2025, which had each shown a more positive outlook for the Company.
- f. Having regard to the above, Vmoto does not consider that variance noted was information that a reasonable person would expect to have a material effect on the price or value of Vmoto's securities. In fact, the market agreed with that position when the share price moved minimally on very small volumes on the trading day that the Preliminary Final Report was announced.

3. *When did VMT first become aware of the variance between its previously published FY24 Earnings Guidance and its FY24 NPAT?*

See above.

4. *Does VMT consider that, at any point prior to the release of the Preliminary Final Report, there was a variance between its anticipated NPAT and the market's expectations of NPAT for FY24 (having regard to its published FY24 Earnings Guidance) of such a magnitude that a reasonable person would expect information about the variance to have a material effect on the price or value of VMT's securities?*

No.

5. *If the answer to question 4 is "no", please provide a basis for that view.*

See above.

6. *If VMT became aware of the variance before the release of Preliminary Final Report, did VMT make any announcement prior to the release of the Preliminary Final Report which disclosed the relevant variance? If so, please provide details. If not, please explain why this information was not released to the market at an earlier time, commenting specifically on when you believe VMT was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps VMT took to ensure that the information was released promptly and without delay.*

Not applicable.

7. Please confirm that VMT is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.

Vmoto confirms that it is in compliance with the Listing Rules, in particular Listing Rule 3.1.



8. Please confirm that VMT's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of VMT with delegated authority from the board to respond to ASX on disclosure matters.

Vmoto confirms that the responses to the questions above have been authorized and approved by its Board.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'Joan Dabon', written over a light grey rectangular background.

Joan Dabon
Company Secretary

For personal use only



7 March 2025

Reference: 106971

Ms Joan Dabon
Company Secretary
Vmoto Limited

By email: joan.dabon@sourceservices.com.au

Dear Ms Dabon

Vmoto Limited ('VMT'): ASX Aware Letter

ASX refers to the following:

- A. VMT's announcement entitled, "Vmoto's 1Q24 Market Update and FY24 Guidance" lodged on the ASX Market Announcements Platform ('MAP') on 30 April 2024, where VMT stated:

"Due to continuing volatile global economic conditions especially in Europe and China, lower than expected sales orders and increase in operational costs resulting from new direct subsidiaries in Europe, the Company expects to report a net loss after tax in the range of \$A3.3 million and \$A3.6 million for financial year ending 31 December 2024."

('FY24 Earnings Guidance')

- B. VMT's announcement released on MAP on 28 February 2025 entitled 'Preliminary Final Report' for the financial year ended 31 December 2024 which disclosed VMT had recorded an unaudited net profit after tax for the financial year ended of \$19,209 ('FY24 NPAT').
- C. Section 4.4 in *Guidance Note 8 Continuous Disclosure: Listing Rules 3.1 – 3.1B* titled "When does an entity become aware of information?"
- D. Section 7.3 in *Guidance Note 8 Continuous Disclosure: Listing Rules 3.1 – 3.1B* titled "Market sensitive earnings surprises" which states the following:

"If an entity becomes aware that its earnings for the current reporting period will differ materially (downwards or upwards) from market expectations, it needs to consider carefully whether it has a legal obligation to notify the market of that fact. This obligation may arise under Listing Rule 3.1 and section 674, if the difference is of such magnitude that a reasonable person would expect it to have a material effect on the price or value of the entity's securities – referred to in this Guidance Note as a "market sensitive earnings surprise". Alternatively, in the case of an entity which becomes aware that its earnings for a reporting period will differ materially from earnings guidance it has published to the market, it may arise under section 1041H, because failing to inform the market that its published guidance is no longer accurate could constitute misleading conduct on its part."

This raises a number of important questions:

- 1. How does an entity determine what the market is expecting its earnings for the current reporting period to be?**

There are three base indicators to which the market may have regard in forming its expectations for an entity's earnings for the current reporting period. They are (in decreasing order of relevance and reliability):

- *if the entity has published earnings guidance for the current reporting period, that guidance;*
- *if the entity is covered by sell-side analysts, the earnings forecasts of those analysts for the current reporting period; and*
- *the entity's pcp earnings.*

Of these three indicators, the first will usually be the most authoritative, since it comes from the source that can reasonably be expected to have the most accurate and up-to-date information about an entity's likely earnings for the current reporting period – the entity itself. (Emphasis added)

- E. Example F in *Guidance Note 8 Continuous Disclosure: Listing Rules 3.1 – 3.1B* titled “material difference in earnings compared to earnings guidance”.
- F. Listing Rule 3.1, which requires a listed entity to immediately give ASX any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities.
- G. The definition of “aware” in Chapter 19 of the Listing Rules, which states that:
- “an entity becomes aware of information if, and as soon as, an officer of the entity (or, in the case of a trust, an officer of the responsible entity) has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as an officer of that entity.”*
- H. Listing Rule 3.1A, which sets out exceptions from the requirement to make immediate disclosure as follows.
- “3.1A Listing rule 3.1 does not apply to particular information while each of the following is satisfied in relation to the information:*
- 3.1A.1 One or more of the following 5 situations applies:*
- *It would be a breach of a law to disclose the information;*
 - *The information concerns an incomplete proposal or negotiation;*
 - *The information comprises matters of supposition or is insufficiently definite to warrant disclosure;*
 - *The information is generated for the internal management purposes of the entity; or*
 - *The information is a trade secret; and*
- 3.1A.2 The information is confidential and ASX has not formed the view that the information has ceased to be confidential; and*
- 3.1A.3 A reasonable person would not expect the information to be disclosed.”*

Request for information

Having regard to the above, ASX asks VMT to respond separately to each of the following questions and requests for information:

1. Does VMT consider its FY24 NPAT (being \$19,208) differed materially from the market's expectations, having regard to VMT's published FY24 Earnings Guidance (being an expected loss after tax of between \$3,300,000 to \$3,600,000)? In responding to this question, please have regard to ASX's commentary in paragraphs 4(a) and 4(b) of section 7.3 of Guidance Note 8 about when a variation from market expectations may be material.
2. If the answer to question 1 is "no", please explain the basis for that conclusion.
3. When did VMT first become aware of the variance between its previously published FY24 Earnings Guidance and its FY24 NPAT?
4. Does VMT consider that, at any point prior to the release of the Preliminary Final Report, there was a variance between its anticipated NPAT and the market's expectations of NPAT for FY24 (having regard to its published FY24 Earnings Guidance) of such a magnitude that a reasonable person would expect information about the variance to have a material effect on the price or value of VMT's securities?
5. If the answer to question 4 is "no", please provide a basis for that view.
6. If VMT became aware of the variance before the release of Preliminary Final Report, did VMT make any announcement prior to the release of the Preliminary Final Report which disclosed the relevant variance? If so, please provide details. If not, please explain why this information was not released to the market at an earlier time, commenting specifically on when you believe VMT was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps VMT took to ensure that the information was released promptly and without delay.
7. Please confirm that VMT is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.
8. Please confirm that VMT's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of VMT with delegated authority from the board to respond to ASX on disclosure matters.

When and where to send your response

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **12 PM AWST Tuesday, 11 March 2025**.

You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, VMT's obligation is to disclose the information 'immediately'. This may require the information to be disclosed before the deadline set out above and may require VMT to request a trading halt immediately if trading in VMT's securities is not already halted or suspended.

Your response should be sent by e-mail to ListingsCompliancePerth@asx.com.au. It should not be sent directly to the ASX Market Announcements Office. This is to allow us to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Suspension

If you are unable to respond to this letter by the time specified above, ASX will likely suspend trading in VMT's securities under Listing Rule 17.3.

Listing Rules 3.1 and 3.1A

In responding to this letter, you should have regard to VMT's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*. It should be noted that VMT's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Release of correspondence between ASX and entity

We reserve the right to release all or any part of this letter, your reply and any other related correspondence between us to the market under Listing Rule 18.7A. The usual course is for the correspondence to be released to the market.

Yours sincerely

ASX Compliance