

19 March 2025

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 14 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. *Did VMT’s directors consider signing the agreement to sell slow and obsolete inventories in Italy (referred to in VMT’s response to the ASX Aware Letter) was an indicator that such inventory may be required to be impaired in VMT’s 31 December financial statements?*

No. Whilst the signing of the agreement provided the Board with some comfort that impairment of the slow-moving stocks in Italy may not be required, it did not have sufficient certainty of this until the year ended 31 December 2024 Preliminary Final Accounts were signed off on in late February 2025.

When VMT provided the FY24 guidance on 30 April 2024, it expected that the slow-moving stocks of 544 units of VS2 in Italy would be impaired. See below for further details.

2. *If the answer to question 1 is “yes”, please explain the basis for that view.*

Not applicable.

3. *Is it usual practice for VMT to impair, or consider impairing items of stock which may be physically held by VMT, notwithstanding such stock has been sold pending delivery to a customer?*

The usual VMT practice is that the slow-moving and obsolete stocks will generally be impaired, and sales recognised only when the goods have been delivered.

As stated above, when the FY24 guidance was provided on 30 April 2024, VMT reasonably assumed that these stocks would be impaired, as no sales agreement had been reached.

When an agreement was signed with the customer on 21 October 2024 (**October 2024 Agreement**), the likelihood of impairment reduced but was not certain, so the assumption remained that the related stock would in all likelihood be impaired.

The October 2024 Agreement provides that the customer must pick up all 544 units by 31 October 2024. The customer failed to pick up any units by 31 October 2024, which created significant uncertainty about the transaction. In fact, in the financial year ending 31 December 2024, only 150 units had been picked up by the customer.

It was not until 24 February 2025 that the customer picked up 250 units of the 544 units contracted and was proactively arranging to pick up the remaining units. It was around this time that the Board was comfortable that it would be reasonable to determine that no impairment would be required relating specifically to this stock. As you are aware, the year ended 31 December 2024 Preliminary Final Accounts were lodged on 28 February 2025.

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4. Did the agreement for the sale of slow and obsolete inventories in Italy contemplate delivery timeframes to the customer? If so, please provide details.

See above.

5. What was the date of the agreement for the sale of slow and obsolete inventories in Italy?

See above.

6. Given the agreement for the sale of slow and obsolete inventories in Italy was signed some time in 'the fourth quarter of 2024' please explain why the financial impact of this agreement was not known by VMT until around the time it lodged the Preliminary Final Report on MAP on 28 February 2025?

See above.

7. Please provide details of the number of units of stock delivered pursuant to the agreement for the sale of slow and obsolete inventories in Italy, including delivery dates to the customer for each unit of stock (information to be provided to ASX not for release to market).

Pick up date of 544 units VS2		
Item	Delivery/pick up dates	Units
1	2024.11.27	50.00
2	2024.12.19	50.00
3	2024.12.20	50.00
4	2025.02.21	50.00
5	2025.02.24	50.00
6	2025.03.06	50.00
7	2025.03.12	50.00
		350.00
	Total contracted units	544
	Balance units to be picked up	194

8. Please provide ASX with a copy of the agreement for the sale of slow and obsolete inventories in Italy (information to be provided to ASX not for release to market).

The October 2024 Agreement is provided as **Attachment 1**.

9. Having regard to VMT's response to question 2 of the ASX Aware Letter, that 'Vmoto...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', was the outlook contained in any of the quarterly Market Updates 'more positive' when compared to VMT's FY 24 Earnings Guidance?

Yes, see below for further details.

10. If the answer to question 9 is "no", please explain the basis for this response.

Not applicable.

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11. Having regard to VMT's response to question 2 of the ASX Aware Letter, that 'Vmoto...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', please describe the factors Vmoto considered when preparing the quarterly Market Updates for release commenting specifically on any sales and cost information known at the time VMT released each of the quarterly Market Updates compared to sales and costs anticipated by VMT at the time it released its FY 24 Earnings Guidance. Please answer this question separately for each quarterly Market Update released by VMT.

- Vmoto 2Q24 Market Update dated 2 August 2024:
 - Firm international orders increased to 1,712 units as at 30 June 2024 (see page 2 of the announcement) compared with 1,403 units as at 31 March 2024 (see page 3 of VMT's ASX announcement dated 30 April 2024);
- Vmoto 3Q24 Market Update dated 4 November 2024:
 - Firm international orders increased to 2,439 units as at 30 September 2024 (see page 3 of the announcement) from 1,712 units as at 30 June 2024 (see above);
 - 5,645 units in total sold in 3Q24, up 14% on 3Q23 and up 35% on 2Q24 (see page 1 of the announcement);
 - VMT's comment that:

"At a macroeconomic level, high interest rates and tighter monetary policies continue to dampen consumer spending and investment, reducing demand for consumer and business products, with negative flow-on effect on the Company's B2C and B2B sales performance over time. This was somewhat tempered by the 0.50 percentage point interest rate cut by the US Federal Reserve in 3Q24, the first cut since 2020, easing consumer and distributor sentiment and recovering some sales for the Company." (Emphasis added)

- Vmoto 4Q24 Market Update dated 4 February 2025:
 - Firm international orders increased to 2,025 units as at 31 December 2024 (see page 3 of the announcement), after an increased sales and delivery of goods in 3Q24 and reasonable sales and delivery of goods in 4Q24.
 - VMT's comment that:

"The Federal Reserve cut its benchmark interest rates by 0.50 percentage points in its first cut since 2020, which has eased consumer and distributor sentiment and led to a recovery in some aspects of sales for the Company." (Emphasis added)

12. What was the date of the settlement agreement with the Netherlands customer that was guaranteed by its Turkey parent entity (referred to by VMT in its response to the ASX Aware Letter)?

The settlement agreement with the Netherlands customer that was guaranteed by its Turkey parent entity is dated 24 February 2025 (**February 2025 Agreement**).

13. Please provide a copy of the settlement agreement referred to in question 12 above (information to be provided to ASX not for release to market).

The February 2025 Agreement is provided at **Attachment 2**.

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14. Having regard to:

- VMT's response to question 1 of the ASX Aware Letter, that *'the outperformance was not material having regard to ASX's commentary in paragraph 4(a) of section 7.3 of Guidance Note 8'*;
- the variance from VMT's FY 24 Earnings Guidance when compared to VMT's reported NPAT in its Preliminary Final Report was approximately 100%; and
- ASX's commentary in paragraph 4(a) of section 7.3 of Guidance Note 8 which suggests entities '*treat an expected variation in earnings compared to its published guidance equal to or greater than 10% as material and presume that its guidance needs updating*' (emphasis added)

does VMT maintain its position from its response to question 1 of the ASX Aware Letter that the variance (outperformance) of VMT's reported NPAT when compared to its FY 24 Earnings Guidance was not material?

Paragraph 4(a) of section 7.3 of Guidance Note 8 explains that an "*expected variation* in earnings compared to VMT's published guidance equal to or greater than 10% should be treated as material" (emphasis added). Whilst VMT of course accepts that there is an actual variation to published guidance of more than 10%, as explained above at no stage prior to the signing off of the Preliminary Final Accounts could VMT have reasonably formed the view that there was any expected variation that was equal to or greater than 10% (nor did it form this view in fact). In this respect, VMT refers to the answers above, including that:

- while the October 2024 Agreement required that all stock was to be picked up by 31 October 2024, in reality none of the stock was picked up by 31 October 2024 and less than 30% of the stock had been picked up by 31 December 2024; and
- the February 2025 Agreement was executed only four days before the Preliminary Final Accounts were released.

In the circumstances, at no stage prior to the release of the Preliminary Final Accounts would it have been prudent or proper for VMT to provide the market with more favourable guidance regarding potential accounts, particularly when at no stage had the VMT Board formed that view.

We also refer to paragraph 5 of section 7.3 of Guidance Note 8 that provides that *"In ASX's opinion, for an entity to have to disclose under Listing Rule 3.1 market sensitive information about an expected difference in its earnings for the current reporting period compared to market expectations, there needs to be a reasonable degree of certainty that there will be such a difference."* Notwithstanding 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, VMT demonstrably did not have close to a reasonable degree of certainty to publish market sensitive information.

For completeness, VMT refers to ASX's question in its 7 March 2025 letter that is implicitly referenced, which asked whether a reasonable person would have expected information about the variance to have a material effect on the price or value of VMT's securities. Given the material uncertainty that faced the VMT Board until the signing off of the Preliminary Final Accounts (and the fact that the VMT Board did not consider there to be a material variation), VMT reaffirms that a reasonable person would not have expected this information to be provided.

15. If the answer to question 14 is "yes", please explain the basis for this conclusion.

Not applicable.

16. Is VMT aware of, or anticipating any material differences between its financial results or financial position as disclosed in its Preliminary Final Report for the year ended 31 December 2024 and its audited financial statement for the year ended 31 December 2024 (due for release to MAP by no later than 31 March 2025)?

The audit processes are still being progressed and finalised, and VMT is not aware of any material differences at this stage.

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

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

18. Please confirm that VMT's responses to the questions 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.

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

Yours faithfully,

Joan Dabon
Company Secretary



14 March 2025

Reference: 107201

Ms Joan Dabon
Company Secretary
Vmoto Limited

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

Dear Ms Dabon

Vmoto Limited ('VMT'): Further 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 announcements entitled:

- (i) Vmoto's 2Q24 Market Update released on MAP on 2 August 2024
 - (ii) Vmoto's 3Q24 Market Update released on MAP on 2 November 2024
 - (iii) Vmoto's 4Q24 Market Update released on MAP on 4 February 2024
- (Together, 'the Market Updates')

- C. 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').

- D. VMT's announcement entitled 'Response to ASX Aware Letter' released on MAP on 11 March 2025, which stated relevantly (ASX queries bolded):

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.

“a. 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.*

b. 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*

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 release 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.”

E. 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.

F. 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.”

G. Section 4.4 in *Guidance Note 8 Continuous Disclosure: Listing Rules 3.1 – 3.1B* titled “When does an entity become aware of information?”

H. Footnote 237 to *Guidance Note 8 Continuous Disclosure: Listing Rules 3.1 – 3.1B* titled, “When does an entity become aware of information?” which states:

“An example of where there might be a convincing argument that a 5-10% variation between an entity’s actual or projected earnings and its published guidance is not material would be where an entity has particularly low earnings, meaning that a 5-10% variation would be very low in absolute terms and therefore unlikely to have a material effect on the price or value of the entity’s securities. Another example would be where an entity has particularly “lumpy” revenue or expenses – the fact that it may be more than 5-10% above or below its published guidance part way through a financial reporting period may not be market sensitive if that situation is expected to correct itself over the course of the financial period.” (Emphasis added)

I. 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.”

J. The concept of “confidentiality” detailed in section 5.8 of *Guidance Note 8 Continuous Disclosure: Listing Rules 3.1 – 3.1B*. In particular, the *Guidance Note* states that:

“Whether information has the quality of being confidential is a question of fact, not one of the intention or desire of the entity. Accordingly, even though an entity may consider information to be confidential and its disclosure to be a breach of confidence, if it is in fact disclosed by those who know it, then it is no longer a secret and it ceases to be confidential information for the purposes of this rule.”

Request for information

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

1. Did VMT’s directors consider signing the agreement to sell slow and obsolete inventories in Italy (referred to in VMT’s response to the ASX Aware Letter) was an indicator that such inventory may be required to be impaired in VMT’s 31 December financial statements?
2. If the answer to question 1 is “yes”, please explain the basis for that view.

3. Is it usual practice for VMT to impair, or consider impairing items of stock which may be physically held by VMT, notwithstanding such stock has been sold pending delivery to a customer?
4. Did the agreement for the sale of slow and obsolete inventories in Italy contemplate delivery timeframes to the customer? If so, please provide details.
5. What was the date of the agreement for the sale of slow and obsolete inventories in Italy?
6. Given the agreement for the sale of slow and obsolete inventories in Italy was signed some time in *'the fourth quarter of 2024'* please explain why the financial impact of this agreement was not known by VMT until around the time it lodged the Preliminary Final Report on MAP on 28 February 2025?
7. Please provide details of the number of units of stock delivered pursuant to the agreement for the sale of slow and obsolete inventories in Italy, including delivery dates to the customer for each unit of stock (information to be provided to ASX not for release to market).
8. Please provide ASX with a copy of the agreement for the sale of slow and obsolete inventories in Italy (information to be provided to ASX not for release to market).
9. Having regard to VMT's response to question 2 of the ASX Aware Letter, that *'Vmoto...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'*, was the outlook contained in any of the quarterly Market Updates 'more positive' when compared to VMT's FY 24 Earnings Guidance?
10. If the answer to question 9 is "no", please explain the basis for this response.
11. Having regard to VMT's response to question 2 of the ASX Aware Letter, that *'Vmoto...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'*, please describe the factors Vmoto considered when preparing the quarterly Market Updates for release commenting specifically on any sales and cost information known at the time VMT released each of the quarterly Market Updates compared to sales and costs anticipated by VMT at the time it released its FY 24 Earnings Guidance. Please answer this question separately for each quarterly Market Update released by VMT.
12. What was the date of the settlement agreement with the Netherlands customer that was guaranteed by its Turkey parent entity (referred to by VMT in its response to the ASX Aware Letter)?
13. Please provide a copy of the settlement agreement referred to in question 12 above (information to be provided to ASX not for release to market).
14. Having regard to:
 - VMT's response to question 1 of the ASX Aware Letter, that *'the outperformance was not material having regard to ASX's commentary in paragraph 4(a) of section 7.3 of Guidance Note 8'*;
 - the variance from VMT's FY 24 Earnings Guidance when compared to VMT's reported NPAT in its Preliminary Final Report was approximately 100%; and
 - ASX's commentary in paragraph 4(a) of section 7.3 of Guidance Note 8 which suggests entities *'treat an expected variation in earnings compared to its published guidance equal to or greater than 10% as material and presume that its guidance needs updating'* (emphasis added)does VMT maintain its position from its response to question 1 of the ASX Aware Letter that the variance (outperformance) of VMT's reported NPAT when compared to its FY 24 Earnings Guidance was not material?
15. If the answer to question 14 is "yes", please explain the basis for this conclusion.

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16. Is VMT aware of, or anticipating any material differences between its financial results or financial position as disclosed in its Preliminary Final Report for the year ended 31 December 2024 and its audited financial statement for the year ended 31 December 2024 (due for release to MAP by no later than 31 March 2025)?
17. Please confirm that VMT is in compliance with the Listing Rules, and in particular, Listing Rule 3.1.
18. Please confirm that VMT's responses to the questions 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 **4 PM AWST Wednesday, 19 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