VMOTO

ANNUAL REPORT

31 December 2023

Corporate directory

Current Directors

Mr Charles Chen	*Managing Director*
Mr Ivan Teo	*Finance Director*
Mr Blair Sergeant	*Non-executive Director*
Ms Shannon Coates	*Non-executive Director*
Mr Martin Zhou	*Non-executive Director*

Company Secretary

Ms Joan Dabon

Registered Office and Head Office

Street address:	Level 48, 152-158 St Georges Terrace Perth WA Australia 6000
Telephone:	+61 (0)8 6311 9160
Email:	info@vmoto.com
Website:	www.vmoto.com

Auditors

Hall Chadwick WA Audit Pty Ltd

Street address:	283 Rokeby Road Subiaco WA Australia 6008
Telephone:	+61 (0)8 9426 0666

Banker

National Australia Bank

Street address:	Level 14, 100 St Georges Terrace Perth WA Australia 6000

Solicitors

Gilbert + Tobin

Street address:	Level 16, Brookfield Place Tower 2 123 St Georges Terrace Perth WA Australia 6000
Telephone:	+61 (0)8 9413 8430

Share Registry

Computershare Investor Services Pty Ltd

Street address:	Level 17, 221 St Georges Terrace Perth WA Australia 6000
Postal address:	GPO Box D182 Perth WA Australia 6840
Telephone:	1300 850 505 +61 (0)8 9323 2000 (International)
Facsimile:	+61 (0)8 9323 2033
Website:	www.computershare.com/au

Securities Exchange

Australian Securities Exchange

Street address:	Level 40, Central Park 152-158 St Georges Terrace Perth WA 6000
Telephone:	131 ASX (131 279) (within Australia)
Telephone:	+61 (0)2 9338 0000
Facsimile:	+61 (0)2 9227 0885
Website:	www.asx.com.au
ASX Code:	ASX:VMT

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Managing Director's Letter

Dear Shareholders,

2023 was a year for Vmoto Limited (**Company**) with significant challenges owing to the increasingly volatile global economic conditions. The high interest rates and even higher cost-of-living pressures have dampened consumer spending; and the availability of funding within our industry. This, in turn, affected spending trends of our customers, particularly in Europe. All these events have notable implications on our Company, customers and countries in which we do business.

Despite these challenges, Vmoto has continued to achieve profitable results for FY2023:

- Revenue of **$69.2 million**;
- NPAT of **$7.3 million** and EBITDA of **7.7 million**
- Positive operating cash flow of **$3.9 million**; and
- Closing cash position of **$42.5 million.**

Vmoto is a global fully integrated e-mobility solutions provider. Beyond designing, engineering, manufacturing and distributing top tier e-motorcycles and e-scooters, Vmoto extends tailored e-mobility solutions to both individual consumers and business clients across 73 countries in Europe, Asia Pacific, South America, North America, Middle East, and Africa.

The Company aspires to accelerate the growth of the e-mobility industry by building an integrated ecosystem of Vmoto's range of e-mobility products, services, solutions and battery infrastructure, alongside fast charging capabilities globally. Vmoto is strategically positioned with the widest global distribution network among two-wheel e-mobility enterprises to achieve this vision.

Despite prevailing economic uncertainties, the Company remains steadfast in its commitment to capitalise on opportunities by acquiring local distributors and operators, thereby establishing direct access to local markets. We now have local teams and subsidiaries in key regions including the Netherlands, Italy, France, the United Kingdom, and Thailand aimed at improving local sales and finance, better support and distribution, and after-sales services. Furthermore, we are also actively expanding our sales efforts and cultivating new customer relationships in emerging international markets across Asia, the Middle East, and South America.

Vmoto continues to face headwinds in both our B2C and B2B businesses but we remain resilient. Leveraging our widest global distribution network within the two-wheel e-mobility industry and supported by robust financial management practices and stringent cost control measures, we are able to effectively mitigate business risks. Vmoto is dedicated to fostering sales growth by expanding our customer base and penetrating new markets, further diversifying our revenue streams.

As we look forward to FY2024 and beyond, I am proud of our Company and the collective achievements of our global workforce in Australia, Brazil, China, France, Italy, the Netherlands, Thailand, and the United Kingdom. Our employees have demonstrated resilience and unwavering commitment as they work towards our shared aspirations and goals.

Last but certainly not least, I extend my gratitude to our shareholders. Your support is instrumental as we continue to build this remarkable business.

Yours faithfully,

CHARLES CHEN
Managing Director
Dated this 27th day of March 2024

Directors' report

Your directors present their report on the Group, consisting of Vmoto Limited (**Vmoto** or the **Company**) and its controlled entities (collectively the **Group**), for the year ended 31 December 2023 (**FY2023**).

Vmoto is listed on the Australian Securities Exchange (ASX: VMT).

1. Directors

The names of Directors in office at any time during or since the end of the year are:

Mr Charles Chen	*Managing Director*	*Appointed 5 January 2007*
Mr Ivan Teo	*Finance Director*	*Appointed 29 January 2013*
Ms Shannon Coates	*Non-executive Director*	*Appointed 23 May 2014*
Mr Blair Sergeant	*Non-executive Director*	*Appointed 4 November 2020*
Mr Martin Zhou	*Non-executive Director*	*Appointed 15 September 2022*

(collectively the **Directors** or the **Board**).

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated. For additional information of Directors including details of the qualifications of Directors, please refer to paragraph 6 of this Directors Report

2. Company secretary

The following person held the position of Company Secretary at the end of the financial year:

- Joan Dabon

  Qualifications and Experience
  - Ms Dabon is a Chartered Secretary with Source Governance and has over seven years' experience in providing company secretarial and corporate advisory services to ASX and NSX listed companies across a variety of sectors including mining, property development, logistics and distribution, manufacturing, and agriculture. She has also acted as company secretary for public unlisted and proprietary companies, monitoring and managing their corporate governance and compliance frameworks. Joan has Juris Doctor degree and is an associate member of the Governance Institute of Australia.

3. Dividends paid or recommended

There were no dividends paid or recommended during the financial year ended 31 December 2023.

4. Significant Changes in the state of affairs

There have been no significant changes in the state of affairs of the Group during the financial year ended 31 December 2023 other than disclosed elsewhere in this Annual Report.

5. Operating and financial review

5.1. Nature of Operations Principal Activities

The principal activity of the Group for the year was the development and manufacture, marketing, and distribution of electric two-wheel vehicles (electric motorcycles and electric mopeds) (**EV**). There were no significant changes in the nature of the Group's principal activities during the year.

5.2. Operations Review

a. Financial Overview for FY2023

- Financial results:
  - **Total revenue of $69.2 million**, down 40.6%% on FY2022;
  - **Net profit after tax (NPAT) of $7.3 million**, down 29.0% on FY2022; and
  - **Earnings before interest, tax, depreciation and amortisation (EBITDA) of $7.7 million,** down 37.5% on FY2022; and
  - **Positive cash flows** from operating activities of $3.9 million;
- Strong **cash position of $42.5 million** as at 31 December 2023, up 51.7% from $28.0 million as at 31 December 2022;
- **Bank operating facility** of $4.1 million as at 31 December 2023, fully repaid in January 2024;
- **Net tangible assets of $79.5 million** at 31 December 2023, up 35.8% on 31 December 2022
- Successfully completed an **entitlement offer and placement of $15.8 million** (before costs), which received strong support from existing shareholders and new investors.

(refer section 5.3 *Financial Review below* for a detailed financial review)

Directors' report

b. Operational Overview for FY2023

- **Total sales of 25,241 units** of e-motorcycles and e-mopeds, delivered for FY2023, down 32% on FY2022 and down 19% on FY2021;
- **Total international sales of 18,058 units**, delivered for FY2023, down 46% on FY2022 and down 40% on FY2021;
- **Firm international orders** of 2,401 units as at 31 December 2023, for delivery in the 1Q24;
- In early FY2023, to mitigate **business disruption** from bankruptcy of customers/distributors in the Netherlands, the United Kingdom and France, the Company reached agreement with the new acquirers of the Netherlands B2B customer continue the business, and acquired the B2C business and assets in France and the United Kingdom, which are now **in full operation**;
- Vmoto's product, CPX Pro, **sets the new Guinness World Record** for the greatest distance covered in 24 hours with an electric scooter;
- Vmoto acquired industrial land in the Lishui Economic Development Zone in Nanjing, China and commenced the construction of **new 32,856m^2 manufacturing facilities**. Once completed, Vmoto's manufacturing footprint will **increase to 62,977m^2** and production capacity will increase from up to 150,000 units p.a. to a potential 300,000 units p.a. (depending on models);
- Vmoto **acquired Soco Shanghai's patents** for models currently distributed by Vmoto, which significantly de-risks the Company's operations and international growth strategy; and
- Exhibited and launched **new products, APD e-motorcycle, CPX Explorer e-moped and battery swapping & charging station** at 2023 EICMA.

c. Sales and Financial Performance for FY2023

In FY2023, the Group sold a total of **25,241 units** of e-motorcycles and e-mopeds, translating to total **revenue of $69.5 million** and **NPAT of $7.3 million**.

The Group's sales performance has continued to be adversely impacted by current global economic conditions, which has seen consumer spending reduce, particularly in Europe which is our largest market.

Although sales have been negatively impacted, the Group continued to achieve profitable results and the gross margin of the Group improved from 27% in FY2022 to 29.4% in FY2023 due to growth in proportion of B2B sales and more direct sales to dealers in France, Italy, and the United Kingdom (**UK**) through Vmoto's subsidiaries in those jurisdictions.

Vmoto is working on a number of initiatives to drive sales growth including:

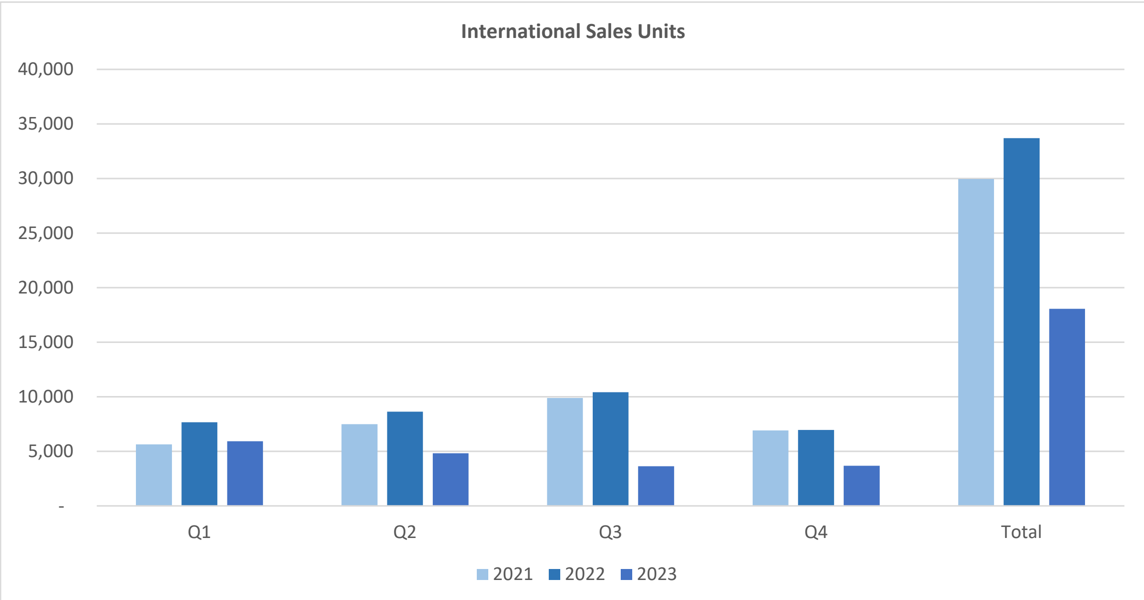
- providing support to distributors and dealers to develop more retail presence and increase brand exposure by way of more signage and providing marketing materials at discounted prices;
- actively pursuing sales outside of our established European markets and pursuing strategic acquisitions and cooperation agreements in other regions. Vmoto is currently in discussions and working with a number of distributors and partners to penetrate further into new market segments for Vmoto especially for Brazil, Indonesia, Thailand and United Arab Emirates; and
- actively promoting Vmoto's products through a number of marketing initiatives, including exhibitions, digital channels and providing samples to potential distributors for testing.

With newly established subsidiaries in the UK and France, which are 100% owned by the Company, the operations in the UK and France are gaining momentum in securing more sales and gaining market share, and the Company aims to be the leading EV brand for these local markets.

Directors' report

Photo: New VMOTO dedicated store opened in Rome, Italy.

The chart below illustrates Vmoto's historic international unit sales, by quarter, for the current and previous financial years:



d. International Markets

During FY2023, the Company signed and renewed distribution agreements with a number of international distributors for the warehousing, distribution, and marketing of its Business-to-Consumer range of electric motorcycles/mopeds. Vmoto now has a total of 67 international distributors distributing Vmoto products internationally across 73 countries.

In early FY2023, the Company encountered business disruptions due to the bankruptcy of customers/distributors in the Netherlands, the United Kingdom, and France. The Company reached agreements with the new acquirers of the Netherlands Business-to-Business customer to minimise loss and continue the Business-to-Business business in the Netherlands, and acquired the Business-to-Consumer business and assets in France and the United Kingdom.

In July 2023, the Company signed a non-binding Memorandum of Understanding (**MOU**) with Ni Hsin EV Tech Sdn. Bhd. (**Ni Hsin EV**), a wholly-owned subsidiary of Malaysia main market-listed Ni Hsin Group Berhad (Bursa: NIHSIN, 7215) (**Ni Hsin**) in relation to the intention to form a strategic alliance to assemble, market and distribute Vmoto products Citi, CPX Pro and TC Max electric motorcycle models in Malaysia.

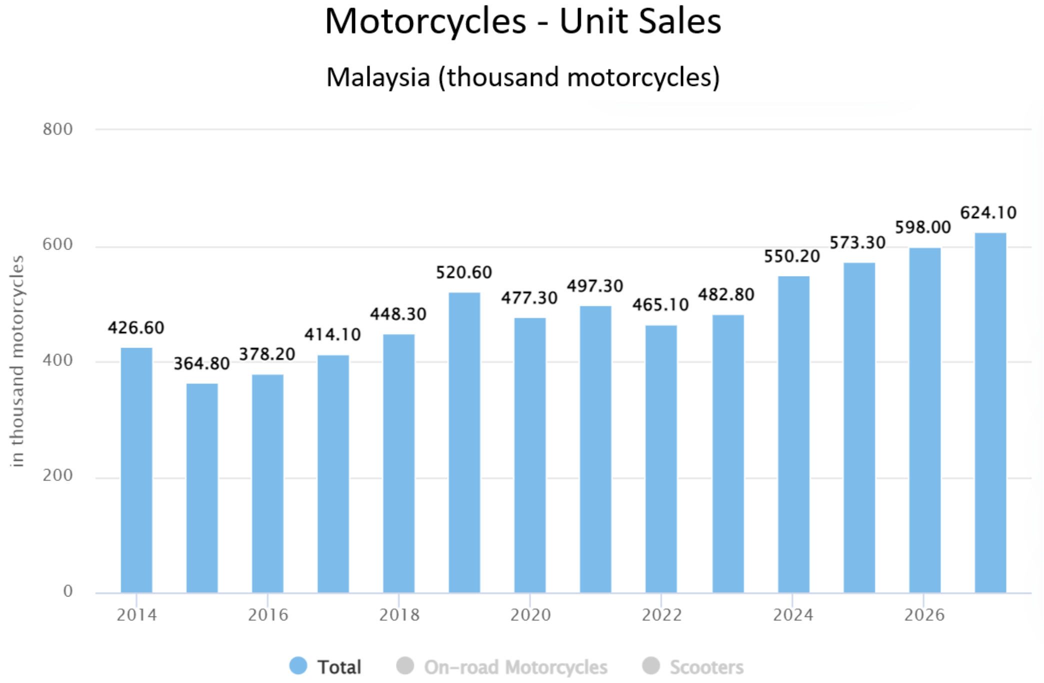
Directors' report

Under the MOU, Vmoto and Ni Hsin EV agreed to exercise their best efforts to form a strategic alliance, which will include executing a distribution agreement and entering into a JV structure, subject to reaching certain sales milestones, to assemble the VMT EV's in Malaysia, and to market and distribute VMT EV's through Business-to-Consumer (**B2C**), Business-to-Business (**B2B**), and Business-to-Government (**B2G**) distribution channels in Malaysia.

Further in September 2023, Vmoto signed an exclusive assembly, marketing, and distribution agreement (**EDA**) with Ni Hsin EV in relation to Vmoto products CPX-Pro and TC-Max electric motorcycle models in Malaysia.

Vmoto and Ni Hsin are currently working on homologation and compliance in Malaysia and Ni Hsin have been actively providing samples to potential customers for evaluation and test riding.

Malaysia is the 12th largest ICE two-wheeler market in the world, having sold approximately 4 million units between 2014 and 20221, and two-wheeler EVs only account for 1.7% of the registered motorcycles in Malaysia, which represents huge opportunity for the VMT EV's.



Historical and Forecast Two-wheeler Sales in Malaysia between 2014 and 2027[1]

[1] *Statista. (2022). Motorcycles - Malaysia. https://www.statista.com/outlook/mmo/motorcycles/malaysia*

Directors' report

Photo: Vmoto France's new office, warehouse and after sales centre In Lyon, France.

Photo: Vmoto UK exhibited its wide range of electric motorcycle and moped products at Motorcycle Live 2023, the largest and most prestigious motorcycle show in the United Kingdom (UK), held in Birmingham, United Kingdom on 18 November 2023.

e. Vmoto product sets new Guinness World Record

On the 2nd and 3rd of November 2023, one of Vmoto's products, the CPX Pro, set the new Guinness World Record for the greatest distance achieved on an electric scooter in 24 hours.

Despite adverse weather conditions, the Vmoto technical team and skilled riders, coupled with the endurance and performance of CPX Pro made it possible to break the previous record, with an impressive additional distance of 151 km, reaching 1,931 km in 24 hours of riding.

Directors' report

Photo: Vmoto's technical team celebrating after setting new Guinness World Record for the greatest distance achieved on an electric scooter in 24 hours.

f. Expansion of manufacturing capacity with new facilities

In September 2023, the Company signed a construction agreement to build new 32,856m^2 state-of-the-art manufacturing facilities (Stage 2 Manufacturing Facilities) at the Company's recently acquired industrial land in the Lishui Economic Development Zone in Nanjing, China. The Company is pleased to confirm that the Company has received the land title certificate and the construction of the new manufacturing facilities has commenced.

Once completed, Vmoto's manufacturing footprint will more than double to 62,977m^2, providing the Company with increased production capacity, which in turn is expected to deliver economies of scale and increased manufacturing margin.

Photo: Vmoto's Managing Director, Mr Charles Chen and Chief Marketing Officer, Mr Graziano Milone, at the building site of Vmoto's Stage 2 Manufacturing Facilities.

Directors' report

Photo: Artist impression and conceptual renderings of the new manufacturing facilities

g. Acquisition of Soco Shanghai's patents

In September 2023, the Company successfully bid and acquired the patents for various models (TS, TC, CU, CUX, TC-MAX, VS1, CPX, CU mini, TS Street Hunter and TC Wanderer) of Super Soco Intelligent Technology (Shanghai) Co, Ltd (**Soco Shanghai**) for a total cash consideration of approximately RMB 13.5 million (≈A$2.9 million). The bid has been accepted by the court that governed the collection of debts owed by Soco Shanghai, which Soco Shanghai has failed to repay. The acquisition was funded from the Company's existing cash reserves and owning these patents significantly de-risks the Company's operations and international growth strategy.

The operations of the jointly-owned Chinese registered manufacturing company, Nanjing Vmoto Soco Intelligent Technology Co Ltd (**Vmoto Soco**), are unaffected and continue as normal as Vmoto Soco is independent from Soco Shanghai and Vmoto, and has an independent management team.

Photo: Some of the e-motorcycle/e-moped models, of which the patents were acquired by Vmoto

h. EICMA 2023

During 7-12 November 2023, Vmoto exhibited and launched its new products at the Esposizione Internazionale Ciclo Motociclo e Accessori 2023 (**EICMA 2023**) motorcycle expo held in Milan, Italy. Over 2,000 brands from around the world promoted their brands to the 563,000+ attendees with Vmoto receiving significant interest in its latest designs.

EICMA 2023 was a great success for Vmoto and a significant number of attendees visited the Vmoto booth. Journalists, customers, and the general public displayed significant interest in the Company's designs and products. Vmoto also obtained significant sales leads from EICMA 2023, which the sales team will actively pursue.

Directors' report

The Company also used the opportunity to meet with its distributors to discuss 2024 business planning and sales strategies.

Photo: Vmoto booth exhibiting Vmoto and Vmoto Fleet products at EICMA 2023

i. Vmoto Launches New APD Electric Motorcycle

Vmoto unveiled its Vmoto APD electric motorcycle, developed in collaboration with Pininfarina, at EICMA 2023. In designing and developing Vmoto's APD electric motorcycle, Pininfarina used a wind tunnel for the first time on two-wheel vehicle to maximise the performance of the electric motorcycle by minimising the effect of wind on the vehicle.

j. Vmoto Launches new CPX Explorer Electric Scooter

Vmoto also launched a new product, CPX Explorer, a stylistic evolution of one of Vmoto's top selling products, CPX Pro. This product was developed jointly with C-Creative, the design studio led by Adrian Morton, who has developed a number of landmark products for MV Augusta.

k. Vmoto Launches Battery Swapping and Charging Station

Vmoto also launched and introduced its first battery swapping and charging station to provide a comprehensive and integrated business solution for B2C and B2B customers. The battery swapping and charging station works perfectly with Vmoto's electric motorcycle and scooter, with the batteries of Vmoto's electric motorcycle and scooter designed to be swappable.

This is considered an important step in creating an ecology for Vmoto's electric vehicle products. The ability to swap batteries mid-journey will reduce travel time for Vmoto's customers, for an efficient commuting experience.

Directors' report

Photo: Vmoto APD electric motorcycle launched and unveiled by Vmoto and Pininfarina in EICMA 2023.

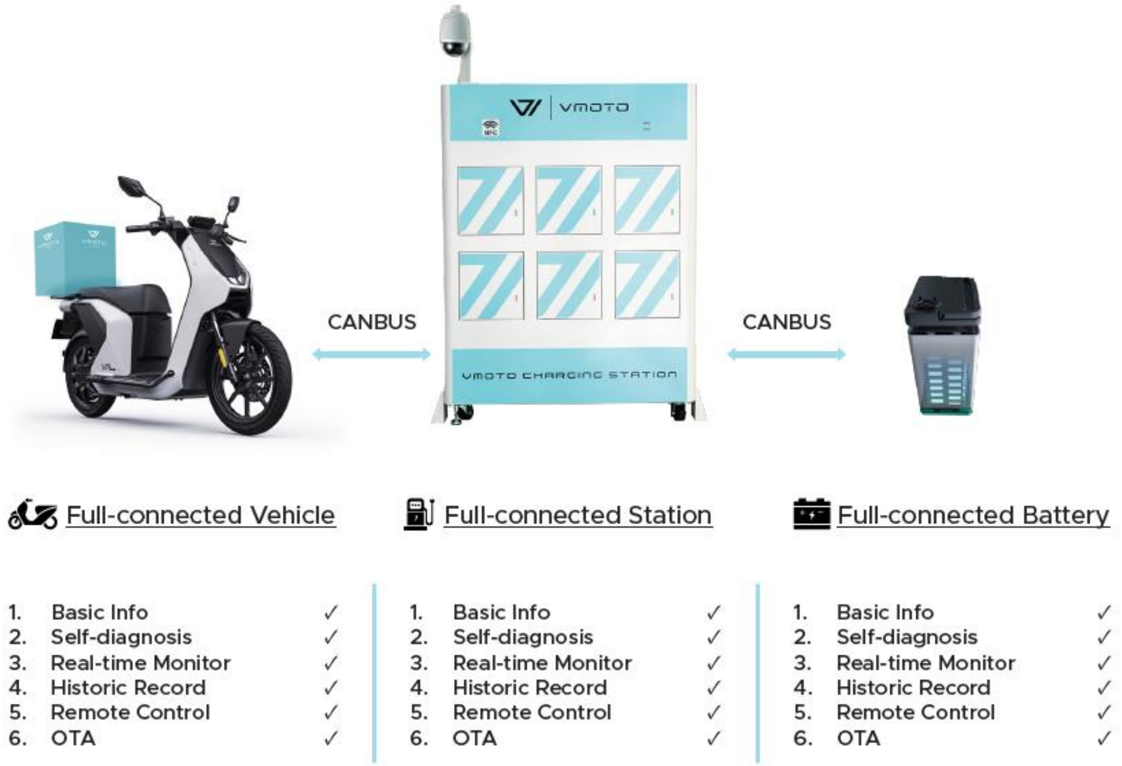


Photo: Vmoto battery swapping and charging station to provide a comprehensive and integrated business solution for B2C and B2B customers.

Directors' report

l. Outlook

The Group continues to identify opportunities and strategies to consolidate Vmoto's strong market position and is well positioned for growth through its portfolio of brands, products, and distribution network. Specifically, these opportunities and strategies include:

- **Product portfolio** – Vmoto plans to continue to expand its product portfolio to target different segment of e-mobility markets in FY2024 and beyond;
- **Optimising key brands and unlocking VMOTO brand value** – This strategy will be achieved by consolidating the Company's existing brands from VMOTO, SUPER SOCO and E-MAX brands to VMOTO and VMOTO FLEET and unlocking the brand value of VMOTO to be more visible around the world.
- **Expand international footprint** – The Company identified key export markets beyond Europe, and this provides opportunity to de-risk its operations by diversification of export channels. These international footprints include Southeast Asia, South America, Middle East, and North America markets.
- **New strategic cooperations with partners and customers** - the Company also has been actively pursuing and engaging with a number of potential new distributors, B2B customers, and partners for distribution and cooperation opportunities to expand into new markets, which include Brazil, Thailand, and United Arab of Emirates.
- **Cost optimization and operations efficiency** – the Company continues to work on cost reduction by reviewing and optimizing its existing operations according to the needs of the current market and environment conditions and identified opportunities to improve efficiency across the business.
- **Commit to Vmoto's mission** – the Company continues to commit to and realise its mission of creating a feeling of excitement and joy for Vmoto zero emission e-motorcycle riders, to advance the electric motorcycle industry globally through uncompromising quality and the highest level of customer service, to constantly innovate, and to reduce greenhouse gas emissions to preserve the environment for future generations.

5.3. Financial Review

The financial statements have been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the ordinary course of business.

For FY2023 the Group recorded earnings before interest, tax, depreciation and amortisation (**EBITDA**) of $7.69 million (FY2022: $12.30 million). The Group generated a net profit after tax for the year of $7.26 million (FY2022: $10.22 million profit).

a. Reconciliation between the EBITDA and statutory net profit after tax for FY2023:

	2023 $'000	2022 $'000
Earnings before interest, tax, depreciation and amortisation	7,688	12,300
Less: Depreciation and amortisation	(865)	(1,310)
Profit before interest and tax	6,823	10,990
Add: Interest income	840	433
Less: Interest expense	(175)	(23)
Less: Income tax expense	(230)	(1,182)
Net profit after tax	7,258	10,218

b. Key profit and loss measures:

	Movement (increase/ decrease)	Movement $'000	2023 $'000	2022 $'000
Revenues from ordinary activities	*Decreased*	47,425	69,248	116,673
Profit from ordinary activities after tax	*Decreased*	2,960	7,258	10,218
EBITDA	*Decreased*	4,612	7,688	12,300

Directors' report

c. Key balance sheet measures

	Movement increase/ (decrease)	Movement $'000	2023 $'000	2022 $'000
In respect to Group assets				
Cash and cash equivalents	*Increased*	14,498	42,524	28,026
Trade and other receivables	*Decreased*	8,250	9,220	17,470
Inventories	*Increased*	2,637	16,145	13,508
Property, plant, and equipment	*Increased*	2,858	8,014	5,156
Investments in associates	*Decreased*	292	5,609	5,901
Net assets	*Increased*	20,961	79,497	58,536
Working capital	*Increased*	10,397	57,039	46,642
In respect to Group liabilities and equity				
Trade and other payables	*Decreased*	10,181	11,520	21,701
Unearned revenue	*Decreased*	3,457	6,244	9,701
Issued capital	*Increased*	17,933	109,841	91,908

5.4. Key Business Risks

The Group is subject to various risk factors. Some of these are specific to its business activities while others are of a more general nature. Individually, or in combination, these risk factors may affect the future operating and financial performance of the Group.

a. Intensifying competition in the electric two-wheel vehicles industry

Vmoto operates in the electric two-wheel vehicle industry and the Company expects additional competitors to enter this market that may have greater financial, research and development, marketing, distribution, and other resources. We believe that we can compete in this market due to our first mover advantage, having operated in the electric two-wheel vehicle markets since 2009. Vmoto manufactures its products in China and has an established, comprehensive supply chain for parts required to manufacture electric two-wheel vehicles and an established distribution network, currently comprising 73 countries.

b. Technological obsolescence

Given the Company operates in an industry involving electric vehicle technology, any technological obsolescence could have an impact on our financial results. We address this risk through continued investment in research and development, patent appropriate and necessary research and development results, recruitment of competent technicians and constantly monitoring the market. We see this risk as minimal as the Company is constantly developing new technology and functions in its electric two-wheel vehicle products and has the protection of trademarks and patents.

c. Increasing geopolitical risks in Europe due to the war between Russian and Ukraine

The escalating conflict between Russia and Ukraine poses a significant business risk to the Group, particularly in Europe, due to increasing geopolitical instability. Furthermore, fluctuating currency exchange rates and trade restrictions may lead to increased operational costs and hinder market expansion efforts. Additionally, consumer confidence might be affected, resulting in decreased demand for discretionary goods like electric motorbikes, as individuals prioritise essential expenses amidst geopolitical uncertainty. Thus, the Group faces challenges in navigating the complex geopolitical landscape of Europe, which could potentially impede its growth and profitability in the region.

d. Adverse impact on demand due to global economic condition, including inflation, rising interest rates and higher cost-of-living pressures

The adverse impact on demand stemming from global economic conditions, such as inflation, rising interest rates, and higher cost-of-living pressures, poses a significant business risk to the Group. Inflationary pressures can lead to increased production costs, squeezing profit margins and potentially necessitating price hikes that could deter price-sensitive consumers. Moreover, rising interest rates may dampen consumer spending and investment appetite, affecting the purchasing power of potential buyers for electric motorbikes. Additionally, higher cost-of-living pressures can divert discretionary income away from luxury purchases like electric motorbikes, prompting consumers to prioritise essential expenses. Consequently, the Group faces the challenge of navigating a challenging economic environment, which could constrain demand and hinder revenue growth in key markets.

Directors' report

5.5. Environmental Regulations

The Group's operations are not subject to any significant environmental regulations. The Board believes that the Group has adequate systems in place for the management of its environmental regulations and is not aware of any breach of those environmental requirements as they apply to the Group.

a. Clean Energy Legislative Package

The Clean Energy Legislative Package, which included the *Clean Energy Act 2011*, was passed by the Australian Government in November 2011. It sets out the way that the government will introduce a carbon price to reduce Australia's carbon pollution and move to a clean energy future.

The Group's manufacturing activities are primarily carried out in China and the Directors believe that the Group will not be significantly affected by this legislation. The Group has not incorporated the effect of any carbon price implementation in its impairment testing at 31 December 2023.

The Directors' view is that there were no changes in environmental or other legislative requirements during the year that have significantly affected the results or operations of the Group.

5.6. Events Subsequent to Reporting Date

As detailed in note 16 *Events subsequent to reporting date* on page 60, the Group has the following subsequent events:

- Acquisition of remaining 50% of Vmoto Soco Italy srl.
- Incorporation of Thai subsidiary.
- Lapse of rights.
- Issue of shares to employees and consultants.

There are no other significant after balance date events that are not covered in this Directors' Report or within the financial statements as disclosed in note 16.

5.7. Future Developments, Prospects, and Business Strategies

The Group's future developments, prospects, and business strategies include:

a. Product portfolio:

Continue to expand its product portfolio to target different segment of e-mobility markets;

b. Optimising key brands and unlocking VMOTO brand value:

Consolidate the Company's existing brands from VMOTO, SUPER SOCO and E-MAX brands to VMOTO and VMOTO FLEET and unlocking the brand value of VMOTO to be more visible around the world;

c. Expand international footprint:

Expand export markets beyond Europe and this provides opportunity to de-risk its operations by diversification of export channels. These international footprints include South East Asia, South America, Middle East, and North America markets.

d. New strategic cooperations with partners and customers:

Actively pursuing and engaging with a number of potential new distributors, B2B customers and partners for distribution and cooperation opportunities to expand into new markets, which includes Brazil, Thailand, and United Arab of Emirates.

e. Cost optimization and operations efficiency:

Continue to work on cost reduction by reviewing and optimizing its existing operations according to the needs of the current market and environment conditions and identify opportunities to improve efficiency across the business.

f. E-Mobility Solutions:

Develop battery charging and swapping station products to enhance revenue and establish the Company as an integrated e-mobility solution provider.

Directors' report

6. Information relating to the Directors

Mr Charles Chen — Managing Director

Qualifications and experience

Mr Chen has been an Executive Director of the Company since 5 January 2007 and Managing Director since 1 September 2011.

Mr Chen is an entrepreneur in the motorcycle industry and has previously founded Freedomotor Corporation Limited in 2004, which was subsequently acquired by Vmoto through a management buyout of key assets. Mr Chen holds a Bachelor of Automobile Engineering from Wuhan University of Automobile Technology (China) and a postgraduate Diploma of Business Administration from South Wales University (UK).

Mr Chen began his career with Hainan Sundiro Motorcycle Co, Ltd, the largest publicly listed industrial company in Hainan Province, which was acquired by Honda Japan in 2001. Mr Chen held senior executive roles with Hainan Sundiro from 1993 to 2002, and professionally trained in broad aspect of the motorcycle manufacturing and distribution operations including international sales and marketing, research and development, procurement, and production.

Mr Chen resides in China and oversees all the Company's operations and activities.

Interest in Company equity

Direct	46,007,910	Ordinary shares
	3,275,955	Performance rights

Directorships held in other listed entities during the prior three years

None

Mr Ivan Teo — Finance Director

Qualifications and experience

Mr Teo joined the Company as Chief Financial Officer on 17 June 2009 and has been Finance Director of the Company since 29 January 2013. Mr Teo is an experienced finance executive with significant experience in international business.

Mr Teo is a qualified Chartered Accountant and has over 18 years of finance and accounting experience with private and public companies in a diverse range of industries including automobile, manufacturing, mining, and retail.

Mr Teo graduated from the University of Adelaide, South Australia with a Bachelor of Commerce and currently resides in China.

Interest in Company equity

Direct	4,075,000	Ordinary shares
	1,622,275	Performance rights

Directorships held in other listed entities during the prior three years prior

None

Mr Blair Sergeant — Non-executive Director *Independent*

Qualifications and experience

Mr Sergeant is an experienced public company executive, having been an Executive Director of Bowen Coking Coal Limited where he, alongside the Managing Director, was integral in the Company's transformation from explorer to producer. Mr Sergeant was also the former Founding Managing Director of Lemur Resources Limited, as well as the former Finance Director of Coal of Africa Limited, which grew from a sub-$2m market capitalisation to over $1.5b at its peak. Mr Sergeant was instrumental in the acquisition of Vmoto in mid-2006 via a reverse takeover of Optima Corporation Limited and the acquisition of Freedomotor Ltd by Vmoto Limited in early 2007.

During his career, Mr Sergeant has held the position of Managing Director, Non- Executive Director and/or Company Secretary for numerous listed entities across a broad spectrum of industry. Mr Sergeant graduated from Curtin University, Western Australia with a Bachelor of Business and subsequently, a Post Graduate Diploma in Corporate Administration. He is a Chartered Secretary, member of the Governance Institute of Australia, member of the Australian Institute of Company Directors and an Associate of the Australian Certified Practising Accountants.

Directors' report

Interest in Company equity	**Indirect** 300,000 Ordinary shares	
Directorships held in other listed entities during the prior three years prior	Rincon Resources Ltd	*Non-executive Director*
	Celsius Resources Ltd	*Former executive director*
	Bowen Coking Coal Ltd	*Former non-executive director*
	Ikwezi Mining Ltd	*Former non-executive director*

Shannon Coates — Non-executive Director *Independent*

Qualifications and experience

Ms Coates has been a Non-Executive Director of the Company since 23 May 2014.

Ms Coates completed a Bachelor of Laws through Murdoch University and has since gained over 25 years' in-house experience in corporate law and compliance for public companies. She is a Chartered Secretary and an Associate Member of the Governance Institute of Australia. She is also a graduate of the Australian Institute of Company Directors.

Ms Coates is the Managing Director of Source Governance, a professional services provider specialising in company secretarial and governance services to both private and public ASX listed companies.

Interest in Company equity	**Indirect** 622,411 Ordinary shares	
Directorships held in other listed entities during the prior three years prior	Bellevue Gold Limited	*Non-executive Director, Chair Nomination and Remuneration Committee.*
	ENRG Elements Ltd *(formerly Kopore Metals Limited)*	*Former non-executive director (resigned 16 March 2020)*

Martin Zhou — Non-executive Director *Independent*

Experience

Mr Zhou has been a Non-Executive Director of the Company since 16 September 2022.

Mr Zhou's career spans over 36 years and includes national and international postings in the motorcycle industry in China and Japan. Mr Zhou was instrumental in Honda Japan's strategic acquisition and cooperation with Sundiro Group in China in year 2001 and directly participated in the acquisition process including acquisition negotiations, staff restructuring and technical advice on motorcycle models. Mr Zhou was also involved in the strategic introduction of several motorcycle groups from Japan and China to Sundiro Group in China, with the resulting cooperation arrangements including product development and technology partnerships.

Mr Zhou graduated from Shandong University, China with a degree specialising in internal combustion engines. Subsequently, Mr Zhou graduated from the School of Economics, Yamaguchi University, Japan and received a Master of Business Administration.

Interest in Company equity	**Direct** 15,589,942 Ordinary shares
Directorships held in other listed entities during the prior three years prior	None

7. Meetings of Directors and committees

During the financial year, four meetings of Directors were held. Attendances by each Director during the year are stated in the following table.

	DIRECTORS' MEETINGS		REMUNERATION AND NOMINATION COMMITTEE		FINANCE AND OPERATIONS COMMITTEE		AUDIT COMMITTEE	
	Number eligible to attend	Number Attended	Number eligible to attend	Number Attended	Number eligible to attend	Number Attended	Number eligible to attend	Number Attended
Charles Chen	4	4						
Ivan Teo	4	4						
Blair Sergeant	4	3						
Shannon Coates	4	4						
Martin Zhou	4	3						

At the date of this report, the Audit and Finance and Operations Committees comprise the full Board of Directors. The Directors believe the Company is not currently of a size nor are its affairs of such complexity as to warrant the establishment of these separate committees. Accordingly, all matters capable of delegation to such committees are considered by the full Board of Directors.

Directors' report

8. Indemnifying officers or auditor

8.1. Indemnification

The Company has paid premiums to insure each of the current and former Directors and officers against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of Director or Officer of the Company, other than conduct involving a wilful breach of duty in relation to the Company. The Company has not given any further indemnity or entered into any other agreements to indemnify or pay or agree to pay insurance premiums.

No indemnities have been given or insurance premiums paid, during or since the end of the period, for any person who is or has been an auditor of the Company

8.2. Insurance premiums

The contract of insurance prohibits disclosure of the nature of liability and the amount of the premium.

9. Options

9.1. Unissued shares under option

At the date of this report, the unissued ordinary shares of the Company under option (listed and unlisted) are as follows:

Grant Date	Date of Expiry	Exercise Price $	Number under Option	Vested and Exercisable
11.04.2022	11.04.2026	$0.45	6,600,000	6,600,000
11.04.2022	11.04.2027	$0.55	7,700,000	7,700,000
11.04.2022	11.04.2027	$0.65	8,800,000	8,800,000
			23,100,000	23,100,000

No person entitled to exercise the option has or has any right by virtue of the option to participate in any share issue of any other body corporate.

9.2. Shares issued on exercise of options or vesting of rights

No shares have been issued by the Company during the financial year as a result of the exercise of options (2022: nil).

During the year the Company issued 4,037,117 shares on the vesting of performance rights (2022: 850,000).

10. Non-audit services

During the year, Hall Chadwick WA Audit Pty Ltd (**Hall Chadwick**), the Company's and Group's auditor did not provide non-audit services (2022: nil), in addition to their statutory audits. Details of remuneration paid to the auditor can be found within the financial statements at note 19 *Auditor's Remuneration* on page 61.

Where non-audit services are provided by Hall Chadwick, the Board has established certain procedures to ensure that the provision of non-audit services are compatible with, and do not compromise, the auditor independence requirements of the *Corporations Act 2001* (Cth). These procedures include:

- non-audit services will be subject to the corporate governance procedures adopted by the Company and will be reviewed by the Board to ensure they do not impact the integrity and objectivity of the auditor; and
- ensuring non-audit services do not involve reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

11. Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the *Corporations Act 2001* (Cth) for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the *Corporations Act 2001* (Cth).

12. Rounding of amounts

The amounts contained in this report have been rounded to the nearest thousand dollars under the option available to the Company under Australian Securities and Investments Commission Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 dated 24 March 2016.

Directors' report

13. Corporate Governance

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors of Vmoto support and have substantially adhered to the best practice recommendations set by the ASX Corporate Governance Council. For a detailed analysis of the Company's Corporate Governance Policies, visit the corporate governance section of our website at https://vmoto.com/investorcentre/.

14. Auditor's independence declaration

The lead auditor's independence declaration under section 307C of the *Corporations Act 2001* (Cth) for the year ended 31 December 2023 has been received and can be found on page 25 of the interim financial report.

15. Remuneration report (audited)

This report outlines the remuneration arrangements in place for Directors and key management personnel of the Company for the year ended 31 December 2023. The information in this remuneration report has been audited as required by section 308(3C) of the *Corporations Act 2001* (Cth).

15.1. Key management personnel (KMP)

This remuneration report details the remuneration arrangements for KMP who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly, including any director (whether Executive or otherwise) of the parent company, and includes those Executives in the Parent and the Group receiving the highest remuneration. KMP comprise the Directors of the Company and key executive personnel:

- Charles Chen — *Managing Director*
- Ivan Teo — *Finance Director*
- Blair Sergeant — *Non-executive Director*
- Shannon Coates — *Non-executive Director*
- Martin Zhou — *Non-executive Director*
- *Other KMP:*
  - Adam Cui — *Sales Manager*
  - Yaze Liu — *Research & Development Manager*
  - Clive Mann — *Country Manager UK*
  - Graziano Milone — *Chief Marketing Officer & President of Strategic Business Development*
  - Gaetan Orselli — *Country Manager France*
- *Former KMP included in comparative information:*
  - Kaijian Chen — *Non-executive Director (Resigned 16 September 2022)*
  - Jeffrey Wu — *Sales Manager (Resigned 31 March 2022)*
  - Maik Spaan — *Not deemed KMP as at 1 January 2023*

15.2. Principles used to determine the nature and amount of remuneration

a. Remuneration Policy

Broadly, remuneration levels for KMP of the Company and KMP of the Group are competitively set to attract and retain appropriately qualified and experienced directors and executives and reward the achievement of strategic objectives. The Board may seek independent advice on the appropriateness of remuneration packages of both the Company and the Group given trends in comparative companies both locally and internationally, and the objectives of the Company's remuneration strategy.

Remuneration packages consist of fixed remuneration including base salary, employer contributions to superannuation funds and non-cash benefits.

The Company has established a long-term incentive plan, which is known as the Vmoto Limited Employee Long Term Incentive Plan (**LTI Plan**). This LTI Plan allows Directors to offer equity securities to attract, motivate and retain key directors, employees and consultants and provide them with the opportunity to participate in the future growth of the Company. Under the LTI Plan, the Board may offer to eligible persons the opportunity to subscribe for equity securities in the Company as the Board may decide and, on the terms, set out in the rules of the LTI Plan.

Directors' report

15. Remuneration report (audited)

b. Performance Conditions Linked to Remuneration

The remuneration policy has been tailored to increase goal congruence between shareholders, Directors and executives. Two methods have been applied to achieve this aim, the first being a performance-based rights subject to performance-based vesting conditions, and the second being the issue of options or shares to KMP to encourage the alignment of personal and shareholder interests

c. Remuneration structure

(1) *Executive remuneration*

The Company's remuneration policy for executive directors and senior management is designed to promote superior performance and long-term commitment to the Company. Executives receive a base remuneration which is market related, as well as performance-based remuneration which is met out of a profit-sharing pool on a calendar year basis.

Overall remuneration policies are subject to the discretion of the Board and can be changed to reflect competitive market and business conditions where it is in the interests of the Company and shareholders to do so.

Executive remuneration and other terms of employment are reviewed annually by the Remuneration Committee having regard to performance, relevant comparative information and expert advice.

The Committee's reward policy reflects its obligation to align executive's remuneration with shareholders' interests and to retain appropriately qualified executive talent for the benefit of the Company. The main principles of the policy are:

- reward reflects the competitive market in which the Company operates;
- individual reward should be linked to performance criteria; and
- executives should be rewarded for both financial and non-financial performance.

The total remuneration of executive directors and other senior managers consists of the following:

- *Salary* Receive a fixed sum payable monthly in cash;
- *Bonus* Eligible to participate in a profit participation plan if deemed appropriate long-term incentives - executive directors may participate in share option schemes with the prior approval of shareholders. Executives may also participate in employee share option schemes, with any option issues generally being made in accordance with thresholds set in plans approved by shareholders. The Board however, considers it appropriate to retain the flexibility to issue options to executives outside of approved employee option plans in exceptional circumstances;
- *Termination* Three months' notice by the Company or the employee; and
- *Other benefits* Eligible to participate in superannuation schemes.

Remuneration of other executives consists of the following:

- *Salary* Receive fixed sum payable monthly in cash;
- *Bonus* Eligible to participate in a profit participation plan if deemed appropriate;
- *Long-term incentives* Participate in share option schemes which have been approved by shareholders; and
- *Other benefits* Eligible to participate in superannuation schemes.

(2) *Non-executive director remuneration*

Total remuneration for all Non-Executive Directors, last voted upon by shareholders at the 2012 Annual General Meeting, is not to exceed A$300,000 per annum and has been set at a level to enable the Company to attract and retain suitably qualified Directors. The Company does not have any scheme relating to retirement benefits for Non-Executive Directors.

(3) *Fixed remuneration*

Fixed remuneration consists of base remuneration (which is calculated on a total cost basis and includes any FBT charges related to employee benefits including motor vehicle), as well as employer contributions to superannuation funds.

Remuneration levels are reviewed annually by the Board through a process that considers individual, segment and overall performance of the Group. The Board has regard to remuneration levels external to the Group to ensure the Directors' and executives' remuneration is competitive in the market place.

Executive Directors are employed full time and receive fixed remuneration in the form of salary and statutory superannuation or consultancy fees, commensurate with their required level of services.

Non-Executive Directors receive a fixed monthly fee for their services. Where Non-Executive Directors provide services materially outside their usual Board duties, they are remunerated on an agreed retainer or daily rate basis.

Directors' report

15. Remuneration report (audited)

(4) *Profit participation plan*

Performance incentives may be offered to executive directors and senior management of the Company through the operation of a profit participation plan. The amount available is based on profit performance above pre-determined returns on shareholders' funds.

This policy is reviewed annually.

(5) *Service agreements*

It is the Group's policy that service agreements for KMP are unlimited in term but capable of termination on three months' notice and that the Group retains the right to terminate the service agreements immediately, by making payment equal to three months' pay in lieu of notice.

The service agreement outlines the components of compensation paid to KMP but does not prescribe how remuneration levels are modified year to year. Remuneration levels are reviewed annually on a date as close as possible to 31 December of each year to take into account KMP's performance.

Certain KMP will be entitled to bonuses as the Board may decide in its absolute discretion from time to time.

d. Voting and comments made at the Company's 2022 Annual General Meeting (AGM)

At the AGM held on 30 May 2023, on a poll the Company received 52,972,586 (86.50%) *For* votes and 8,266,042 (13.50%) *Against* votes and 1,813,901 abstentions[2] on its remuneration report for the 2022 financial year. The Group did not employ a remuneration consultant during the year.

15.3. Performance-based remuneration

a. The following table provides employment details of persons who were, during the financial year, members of KMP of the Group. The table also illustrates the proportion of remuneration that was performance based and the proportion of remuneration received in the form of options.

Group KMP	Position Held as at 31 December 2023 and any change during the year	Contract Commencement / Termination Date	Proportions of Elements of Remuneration Related to Performance			Proportions of Elements of Remuneration Not Related to Performance		Total
			Non-salary Cash-based Incentives %	Shares %	Options / Rights %	Fixed Salary/ Fees – cash based %	Fixed Salary/ Fees – share-based %	%
Executive Directors								
Charles Chen	Managing Director	5.01.2007 *Executive Dir.* 1.09.2011 *MD*	-	-	34	54	12	100
Ivan Teo	Finance Director	29.01.2013	-	-	29	50	21	100
Non-executive directors								
Blair Sergeant	Non-executive Director	04.11.2020	-	-	-	100	-	100
Shannon Coates	Non-executive Director	23.05.2014	-	-	-	100	-	100
Martin Zhou	Non-executive Director	16.09.2022	-	-	-	-	100	100
Other KMP								
Adam Cui	Sales Manager	17.02.2020	32	-	-	47	21	100
Yaze Liu	Research & Development Manager	1.07.2022	-	-	-	100	-	100
Clive Mann	Country Manager UK	15.07.2022	-	-	-	89	11	100
Graziano Milone	Chief Marketing Officer and President of Strategic Business Development	1.03.2022	-	-	-	56	44	100
Gaetan Orselli	Country Manager France	1.07.2020	-	-	-	86	14	100

[2] Votes cast by a person who abstains on an item are not counted in calculating the required majority on a poll

Directors' report

15. Remuneration report (audited)

b. Statutory performance indicators

The Group aims to align our executive remuneration to our strategic and business objectives and the creation of shareholder wealth. Reported below are measures of the Group's financial performance over the last five years as required by the *Corporations Act 2001* (Cth). However, these are not necessarily consistent with the measures used in determining the variable amounts of remuneration to be awarded to KMPs. As a consequence, there may not always be a direct correlation between the statutory key performance measures and the variable remuneration awarded.

	2023	2022	2021	2020	2019
Profit for the year attributable to owners of the Company ($'000)	7,258	10,218	8,034	3,656	1,301
Basic earnings per share (cents)	2.50	3.64	2.89	1.45	0.58
Dividend payments ($)	Nil	Nil	Nil	Nil	Nil
Dividend payout ratio (%)	N/A	N/A	N/A	N/A	N/A
Share price ($)	0.013	0.430	0.440	0.245	0.056
Increase/(decrease) in share price (%)	(96.98)	(2.27)	79.59	337.50	(3.45)

15.4. Directors and KMP remuneration

Details of the nature and amount of each element of the remuneration of each of the KMP of the Company for the year ended 31 December 2023 are set out in the following tables.

Bonuses paid during the year were based on the achievement of agreed key performance indicators.

The following table of benefits and payments represents the components of the current year and comparative year remuneration expenses for each member of KMP of the Group. Such amounts have been calculated in accordance with Australian Accounting Standards.

2023 – Group *Group KMP*	Short-term benefits				Post-employment benefits	Long-term benefits	Termination benefits	Equity-settled share-based payments		Total
	Salary, fees, and leave $	Profit share & bonuses $	Non-monetary $	Other $	Super-annuation $	Other $	$	Shares $	Options / Perf. rights $	$
Executive Directors										
Charles Chen(1)	420,000	-	-	-	-	-	-	96,401	265,643	782,044
Ivan Teo(2)	212,500	-	-	-	-	-	-	89,828	123,872	426,200
Non-executive directors										
Blair Sergeant	60,000	-	-	-	-	-	-	-	-	60,000
Shannon Coates	54,795	-	-	-	5,205	-	-	-	-	60,000
Martin Zhou(3)	-	-	-	-	-	-	-	51,964	-	51,964
Other KMP										
Adam Cui	61,526	42,613	-	-	-	-	-	28,400	-	132,539
Yaze Liu	194,288	-	-	-	-	-	-	-	-	194,288
Clive Mann	166,564	-	-	-	-	-	-	21,300	-	187,864
Graziano Milone	195,878	-	-	-	-	-	-	151,803	-	347,681
Gaetan Orselli	136,381	-	-	-	-	-	-	21,300	-	157,681
	1,501,932	42,613	-	-	5,205	-	-	460,996	389,515	2,400,261

(1) Mr Chen's Director fees for the year ended 31 December 2023 was USD336,000.

(2) Mr Teo's Director fees for the year ended 31 December 2023 was USD170,000.

(3) Mr Zhou has agreed to receive his director fees in shares and the Company will seek shareholders' approval for this issue at the 2024 Annual General Meeting.

Directors' report

15. Remuneration report (audited)

2022 – Group										
Group KMP	Short-term benefits				Post-employment benefits	Long-term benefits	Termination benefits	Equity-settled share-based payments		Total
	Salary, fees and leave	Profit share & bonuses	Non-monetary	Other	Super-annuation	Other		Share	Options / Perf. rights	
	$	$	$	$	$	$	$	$	$	$
Executive Directors										
Charles Chen[(1)]	420,000	-	-	-	-	-	-	-	789,488	1,209,488
Ivan Teo[(2)]	212,500	-	-	-	-	-	-	-	348,812	561,312
Non-executive directors										
Blair Sergeant	100,000	-	-	-	-	-	-	-	-	100,000
Shannon Coates[(3)]	76,256	-	-	-	7,244	-	-	-	-	83,500
Martin Zhou[(4)]	-	-	-	-	-	-	-	17,500	-	17,500
Kaijian Chen	-	-	-	-	-	-	-	28,333	-	28,333
Other KMP										
Adam Cui	46,181	59,865	-	-	-	-	-	-	-	106,046
Yaze Liu	98,751	26,779	-	-	-	-	-	-	-	125,530
Graziano Milone[(5)]	75,838	-	-	-	-	-	-	143,171	-	219,009
Gaetan Orselli	127,850	-	-	-	-	-	-	4,875	-	132,725
Maik Spaan	122,376	-	-	-	-	-	-	13,542	-	135,918
Jeffrey Wu[(6)]	12,829	-	-	-	-	-	-	8,083	-	20,912
	1,292,581	86,644	-	-	7,244	-	-	215,504	1,138,300	2,740,273

(1) Mr Chen's Director fees for the year ended 31 December 2022 was USD336,000.

(2) Mr Teo's Director fees for the year ended 31 December 2022 was USD170,000.

(3) Ms Coates was appointed as Non-Executive Director on 23 May 2014. Ms Coates was appointed Company Secretary to the Company in 2007 and, via an associated company Evolution Corporate Services Pty Ltd, provided company secretarial, corporate advisory and Australian registered office services to Vmoto for a monthly retainer until 31 December 2022. Ms Coates resigned as Company Secretary on 30 September 2022. For the 2022 financial year, the Company paid Evolution Corporate Services Pty Ltd $39,000 for these services, which is not included in the amount above.

(4) Mr Martin Zhou was appointed as Non-Executive Director on 15 September 2022. Mr Zhou has agreed to receive his director fees in shares and the Company will seek shareholders' approval for this issue at the 2023 Annual General Meeting.

(5) Mr Graziano Milone was appointed 1 March 2022.

(6) Mr Jeffrey Wu resigned 31 March 2023

15.5. KMP Loans

During the year ended 31 December 2023, there were no loans to or from KMP (2022: nil)

15.6. Other transactions with KMP and or their Related Parties

During the year ended 31 December 2023, there were no other transactions with KMP and their related parties (2022: nil), other than disclosed below.

Related party	Relationship to Vmoto	Nature of transactions	Receivable/(payable) balance 2023 $	2022 $
Charles Chen	Managing Director	Unpaid remuneration or fees	(93,148)	(27,500)
Ivan Teo	Finance Director	Unpaid remuneration or fees	(77,131)	(25,625)
Martin Zhou	Non-executive Director	Unpaid remuneration or fees	(40,000)	(17,500)
Graziano Milone	Member of KMP	Unpaid remuneration or fees	(98,553)	-

Directors' report

15. Remuneration report (audited)

15.7. Share-based compensation

The Group believes that encouraging its directors and executives to become shareholders is the best way of aligning their interests with those of its shareholders. At present the Group does not have an active employee share option plan.

There were no equity instruments issued during the year to Directors as a result of options exercised that had previously been granted as compensation.

a. Securities received that are not performance-related

Members of KMP are entitled to receive securities that are not performance-based, in settlement of all or part of their remuneration.

b. Options Granted as Remuneration

The Company operates an Employee Long Term Incentive Plan (**LTI Plan**) for eligible persons of the Group. In accordance with the provisions of the LTI Plan, eligible persons may be granted options to purchase ordinary shares at an exercise price to be determined by the Board with regard to the market value of the shares when it resolves to offer the options. The options may only be granted to eligible persons after the Board considers the person's seniority, position, length of service, record of employment, potential contribution and any other matters which the Board considers relevant.

Each employee share option converts into one ordinary share of Vmoto Limited on exercise. No amounts are paid or payable to the Company by the recipient on receipt of the option. The options carry neither rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry.

The number of options granted is determined by the Board.

There is no further service or performance criteria that need to be met in relation to options granted before the beneficial interest vests in the recipient.

No options were granted the KMP during the current financial year (2022: nil).

c. Rights Granted as Remuneration

In accordance with the provisions of the LTI Plan, eligible persons may be granted rights to attract, motivate and retain key directors, employees and consultants to participate in the future growth of the Company to be determined by the Board and on the terms set out in the rules of the LTI plan. The rights may only be granted to eligible persons after the Board considers the person's seniority, position, length of service, record of employment, potential contribution and any other matters which the Board considers relevant.

Each right converts into one ordinary share of Vmoto Limited at nil consideration when service and performance-based conditions as determined by the Board are met within designated period. No amounts are paid or payable to the Company by the recipient on receipt of the rights or on conversion of the rights to shares. Rights carry neither rights to dividends nor voting rights.

Rights under the LTI Plan expire when the applicable service and/or performance conditions are not met within the designated period, or immediately on the resignation of the eligible persons, whichever is the earlier.

The number of rights granted is determined by the Board. Unless specified by the Board at the time of offer of rights, there are no further service or performance criteria that need to be met in relation to rights granted before

During the year, the Company issued Messrs Chen and Teo 2,873,372 rights that will convert into shares upon milestones being achieved. These rights have been issued on terms as detailed below and valued in accordance with note 21.2.2c.

Class of Performance Right	Performance Condition	Performance rights No.	Milestone Date	Expiry Date	Probability of milestones met %	Performance Condition Satisfied
2023	▼ Continuing employment; ▼ Minimum performance hurdle of a minimum share price compound annual growth rate (**CAGR**) increases of 5% over the performance period; ▼ No performance rights will vest if CAGR is less than 5% over the respective period; and ▼ 50% of the performance rights will vest if CAGR of 10% is achieved, up to maximum of 100% of the performance rights will vest if CAGR of 15% is achieved and pro rata of the performance rights will vest if CAGR is >5%&<10% and >10%&<15%.	2,873,372	31.12.2025	30.05.2026	100% for the service condition. Other milestones are market conditions and determined through a Monte Carlo simulation.	Nil

Directors' report

15. Remuneration report (audited)

15.8. KMP equity holdings of Vmoto Limited held by each KMP

a. Fully Paid Ordinary Shares

The number of ordinary shares of Vmoto Limited held, directly, indirectly or beneficially, by each KMP, including their personally-related entities for the year ended 31 December 2023 is as follows:

2023 – Group *Group KMP*	Balance at start of year or appointment No.	Received during the year as compensation No.	Received during the year on the exercise of options No.	Other changes during the year[1] No.	Balance at end of year or resignation No.
Executive Directors					
Charles Chen	36,655,779	150,549	-	9,201,582	46,007,910
Ivan Teo	3,086,122	140,285	-	848,593	4,075,000
Non-executive directors					
Blair Sergeant	140,000	-	-	160,000	300,000
Shannon Coates	497,929	-	-	124,482	622,411
Martin Zhou	12,164,812	357,142	-	3,067,988	15,589,942
Other KMP					
Adam Cui	-	80,000	-	-	80,000
Yaze Liu	-	-	-	-	-
Clive Mann	-	60,000	-	-	60,000
Graziano Milone	1,000,000	438,139	-	-	1,438,139
Gaetan Orselli	50,000	60,000	-	-	110,000
	53,594,642	1,286,115	-	13,402,645	68,283,402

[1] Other changes relate to the acquisition of shares on market during the year.

b. Options

The number of options over ordinary shares in Vmoto Limited held, directly, indirectly or beneficially, by each KMP, including their personally-related entities for the year ended 31 December 2023 is as follows:

2023 – Group *Group KMP*	Balance at start of year or appointments No.	Granted as Remuneration during the year No.	Exercised during the year No.	Other changes during the year No.	Balance at end of year or resignation No.	Vested and Exercisable No.	Not Vested No.
Executive Directors							
Charles Chen	-	-	-	-	-	-	-
Ivan Teo	-	-	-	-	-	-	-
Non-executive directors							
Blair Sergeant	-	-	-	-	-	-	-
Shannon Coates	-	-	-	-	-	-	-
Martin Zhou	-	-	-	-	-	-	-
Other KMP							
Adam Cui	-	-	-	-	-	-	-
Yaze Liu	-	-	-	-	-	-	-
Clive Mann	-	-	-	-	-	-	-
Graziano Milone	2,100,000	-	-	-	2,100,000	2,100,000	-
Gaetan Orselli	-	-	-	-	-	-	-
	2,100,000	-	-	-	2,100,000	2,100,000	-

Directors' report

15. Remuneration report (audited)

c. Performance Rights

The number of Performance Shares in Vmoto Limited held, directly, indirectly, or beneficially, by each KMP, including their personally-related entities for the year ended 31 December 2023 is as follows:

2023 – Group *Group KMP*	Balance at start of year or appointments No.	Received during the year as compensation No.	Conversion to ordinary share during the year No.	Expiration of rights during the year No.	Balance at end of year or resignation No.	Maximum value yet to vest No.
Executive Directors						
Charles Chen	2,693,054	1,903,609	-	(1,320,708)	3,275,955	3,275,955
Ivan Teo	1,201,976	969,763	-	(549,464)	1,622,275	1,622,275
Non-executive directors						
Blair Sergeant	-	-	-	-	-	-
Shannon Coates	-	-	-	-	-	-
Martin Zhou	-	-	-	-	-	-
Other KMP						
Adam Cui	-	-	-	-	-	-
Yaze Liu	-	-	-	-	-	-
Clive Mann	-	-	-	-	-	-
Graziano Milone	-	-	-	-	-	-
Gaetan Orselli	-	-	-	-	-	-
	3,895,030	2,873,372	-	(1,870,172)	4,898,230	4,898,230

15.9. Other Equity-related KMP Transactions

There have been no other transactions involving equity instruments other than those described in the tables above relating to options, rights, and shareholdings.

END OF REMUNERATION REPORT

This Report of the Directors, incorporating the Remuneration Report, is signed in accordance with a resolution of the Board of Directors made pursuant to section 298(2) of the *Corporations Act 2001* (Cth).

CHARLES CHEN
Managing Director
Dated this Wednesday, 27 March 2024

HALL CHADWICK

To the Board of Directors,

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

As lead audit director for the audit of the financial statements of Vmoto Limited for the financial year ended 31 December 2023, 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 audit; and
- any applicable code of professional conduct in relation to the audit.

Yours Faithfully

Hall Chadwick
HALL CHADWICK WA AUDIT PTY LTD

Mark Delaurentis
MARK DELAURENTIS CA
Director

Dated this 27th day of March 2024
Perth, Western Australia

Consolidated statement of profit or loss and other comprehensive income

for the year 31 December 2023

	Note	2023 $'000	2022 $'000
Continuing operations			
Revenue		69,248	116,673
Cost of sales		(48,814)	(85,212)
Gross profit		20,434	31,461
Other income	1.1	7,919	3,440
Operational expenses		(13,639)	(10,642)
Marketing and distribution expenses		(1,975)	(2,135)
Corporate and administrative expenses		(4,942)	(5,294)
Occupancy expenses		(466)	(234)
Other expenses		(52)	(4,283)
Operating profit		7,279	12,313
Share of profit or (loss) from equity accounted investments	12.3.2	(456)	(1,323)
Finance costs		(175)	(23)
Finance income		840	433
Profit before tax	2.1	7,488	11,400
Income tax expense	4.1	(230)	(1,182)
Profit for the year		7,258	10,218
Other comprehensive income, net of income tax			
Items that will not be reclassified subsequently to profit or loss:		-	-
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences		(3,161)	54
Other comprehensive income for the year, net of tax		(3,161)	54
Total comprehensive income attributable to members of the parent entity		4,097	10,272
Profit or (loss) for the year attributable to:			
Non-controlling interest		10	(51)
Owners of the parent		7,248	10,269
Total comprehensive income attributable to:			
Non-controlling interest		10	(51)
Owners of the parent		4,087	10,323
Earnings per share:		¢	¢
Basic earnings per share (cents per share)	20.4	2.50	3.64
Diluted earnings per share (cents per share)	20.4	2.31	3.43

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

Consolidated statement of financial position

as at 31 December 2023

	Note	2023 $'000	2022 $'000
Current assets			
Cash and cash equivalents	5.1	42,524	28,026
Trade and other receivables	5.2.1	9,220	17,470
Inventories	6.1	16,145	13,508
Other current assets	5.3.1	5,047	9,923
Total current assets		72,936	68,927
Non-current assets			
Trade and other receivables	5.2.2	2,277	-
Property, plant, and equipment	6.2	8,014	5,156
Right-of-use assets	6.3.1	4,694	1,002
Intangible assets	6.4	2,787	-
Investments accounted for using equity method	12.1	5,609	5,901
Total non-current assets		23,381	12,059
Total assets		96,317	80,986
Current liabilities			
Trade and other payables	5.4	11,520	21,701
Borrowings	5.5.1	4,120	-
Current tax liabilities	4.5	-	474
Leases	6.3.2	257	110
Total current liabilities		15,897	22,285
Non-current liabilities			
Leases	6.3.2	923	165
Total non-current liabilities		923	165
Total liabilities		16,820	22,450
Net assets		79,497	58,536
Equity			
Issued capital	7.1.1	109,841	91,908
Reserves	7.3	(1,903)	2,327
Accumulated losses		(28,326)	(35,574)
Non-controlling interest		(115)	(125)
Total equity		79,497	58,536

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

Consolidated statement of changes in equity

for the year 31 December 2023

	Note	Contributed equity $'000	Accumulated losses $'000	Share-based payment reserve $'000	Foreign currency translation reserve $'000	Non-controlling Interests $'000	Total equity $'000
Balance at 1 January 2022		90,559	(45,843)	974	421	(74)	46,037
Profit for the year attributable to owners of the parent		-	10,269	-	-	(51)	10,218
Other comprehensive income for the year attributable owners of the parent		-	-	-	54	-	54
Total comprehensive income for the year attributable owners of the parent		-	10,269	-	54	(51)	10,272
Transaction with owners, directly in equity							
Shares issued during the year (net of costs)	7.1	1,043	-	-	-	-	1,043
Performance rights granted during the year	21.1	-	-	1,085	-	-	1,085
Options issued during the year	7.2.1b	-	-	99	-	-	99
Vesting of performance rights and shares	7.1.1k	306	-	(306)	-	-	-
Balance at 31 December 2022		91,908	(35,574)	1,852	475	(125)	58,536
Balance at 1 January 2023		91,908	(35,574)	1,852	475	(125)	58,536
Profit for the year attributable to owners of the parent		-	7,248	-	-	10	7,258
Other comprehensive income- for the year attributable owners of the parent		-	-	-	(3,161)	-	(3,161)
Total comprehensive income for the year attributable owners of the parent		-	7,248	-	(3,161)	10	4,097
Transaction with owners, directly in equity							-
Shares issued during the year (net of costs)	7.1	15,755			-	-	15,755
Shares issued during the year in lieu of cash	7.1.1g to 7.1.1j	219	-	-	-	-	219
Share-based payments granted during the year	21.2.2	-	-	390	-	-	390
Vesting of performance rights and shares	7.1.1e & f 7.1.1k,7.2	1,959	-	(1,360)	-	-	599
Lapse of options	7.2.1b	-	-	(99)	-	-	(99)
Balance at 31 December 2023		109,841	(28,326)	783	(2,686)	(115)	79,497

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

Consolidated statement of cash flows
for the year 31 December 2023

	Note	2023 $'000	2022 $'000
Cash flows from operating activities			
Receipts from customers		71,776	117,126
Payments to suppliers and employees		(70,600)	(111,676)
Interest received		845	433
Interest paid		(133)	-
Other cash receipts		2,009	3,623
Income tax paid		(30)	-
Net cash provided by operating activities	5.1.2a	3,867	9,506
Cash flows from investing activities			
Purchase of property, plant, and equipment		(6,136)	(662)
Purchase of intangibles		(2,875)	-
Net cash used in investing activities		(9,011)	(662)
Cash flows from financing activities			
Proceeds from issue of shares		15,787	529
Proceeds from borrowings	5.1.2b	4,187	-
Payment of principal portion of lease liabilities	5.1.2b	(295)	(156)
Net cash provided by / (used in) financing activities		19,679	373
Net increase in cash and cash equivalents held		14,535	9,217
Cash and cash equivalents at the beginning of the year		28,026	18,634
Change in foreign currency held		(37)	175
Cash and cash equivalents at the end of the year	5.1	42,524	28,026

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

Notes to the consolidated financial statements
for the year 31 December 2023

In preparing the 2023 financial statements, Vmoto Limited has grouped into sections under the following key categories:

Significant accounting policies specific to each note are included within that note. Accounting policies that are determined to be non-significant are not included in the financial statements.

The financial report is presented in Australian dollars, except where otherwise stated.

The amounts contained in these financial statements have been rounded to the nearest thousand dollars under the option available to the Group under Australian Securities and Investments Commission (**ASIC**) Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 dated 24 March 2016.

Notes to the consolidated financial statements

for the year ended 31 December 2023

SECTION A. HOW THE NUMBERS ARE CALCULATED

This section provides additional information about those individual line items in the financial statements that the Directors consider most relevant in the context of the operations of the Group.

Note 1 Revenue and other income

	Note	2023 $'000	2022 $'000
1.1 Other Income			
Contributions from customers		3,128	1,495
Government subsidies		767	606
Recovery of loss allowance	5.2.5	2,431	-
Rent income		1,035	512
Net foreign exchange gain		514	774
Other income		44	53
		7,919	3,440

1.2 Accounting policies

1.2.1 *Revenue recognition*

Revenues are recognised at fair value of the consideration received net of the amount of value added tax (GST, VAT or equivalent) payable to the taxation authority.

1.2.2 *Sale of goods*

Revenue is measured when or as the control of the goods or services is transferred to a customer. Depending on the terms of the contract and the laws that apply to the contract, control of the goods and services may be transferred over time or at a point in time.

If control of the goods and services transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise (and in most instances), revenue is recognised at a point in time when the customer obtains control of the goods and services.

Contracts with customers may include multiple performance obligations. For such arrangements, the Company allocates revenue to each performance obligation based on its relative standalone selling price which are generally based on the prices charged to customers. If the standalone selling price is not directly observable, it is estimated using expected cost plus a margin or adjusted market assessment approach, depending on the availability of observable information.

If a customer pays consideration before the Company transfers the goods to the customer, the Company presents the contract liability (referred to as advance and deposits from customers) when the payment is made. A contract liability is the Company's obligation to transfer goods or services to a customer for which the Company has received consideration.

1.2.3 *Interest income*

Interest revenue is recognised in accordance with note 3.1 Finance income and expenses.

Note 2 Expenses

	Note	2023 $'000	2022 $'000
2.1 Expenses by nature			
Advertising and promotion expenses		1,239	1,767
Manufacturing and production costs		50,085	85,292
Consultancy and compliance expenses		2,305	2,165
Depreciation and amortisation	2.2	865	1,310
Doubtful debts expenses	5.2.5	52	4,283
Freight and couriers		2,071	2,797
Interest and finance costs		243	94
Salaries and employment costs		6,708	5,141
Research and development		4,166	3,480
Other expenses		2,329	1,494
Share of (profit) or loss from equity accounted investments	12.3.2	456	1,323
Total expenses by nature		70,519	109,146

Notes to the consolidated financial statements
for the year ended 31 December 2023

Note 2 Expenses (cont.)

2.1.1 ***Reconciliation to net profit or loss before tax***	2023 $'000	2022 $'000
Total revenue and other income	78,007	120,546
Less: Total expenses by nature	(70,519)	(109,146)
Net loss / (profit) before tax	7,488	11,400

2.2 Depreciation and amortisation	Note	2023 $'000	2022 $'000
Depreciation – plant and equipment	6.2.1	629	888
Depreciation – right-of-use assets	6.3.4	236	422
Amortisation – intangible assets	6.4.1	-	-
		865	1,310

2.3 Accounting policies

2.3.1 ***Impairment of financial assets***

Refer to note 5.6.1d

2.3.2 ***Impairment of non-financial assets***

Refer to note 6.5.1

2.3.3 ***Employee benefits:***

a. Short-term benefits

Liabilities for employee benefits for wages, salaries, and annual leave that are expected to be settled within 12 months of reporting date are present obligations resulting from employees' services provided to the reporting date and are calculated at undiscounted amounts based on remuneration wage and salary rates that the Group expects to pay at the reporting date including related on-costs, such as workers compensation insurance and payroll tax.

Non-accumulating non-monetary benefits, such as medical care, housing, cars and free or subsidised goods and services, are expensed based on the net marginal cost to the Group as the benefits are taken by the employees.

b. Other long-term benefits

The Group's obligation in respect of long-term employee benefits other than defined benefit plans, such as long service leave, is the amount of future benefit that employees have earned in return for their service in the current and prior periods plus related on-costs; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The discount rate is the Reserve Bank of Australia's cash rate at the report date that have maturity dates approximating the terms of the Company's obligations. Any actuarial gains or losses are recognised in profit or loss in the period in which they arise.

c. Retirement benefit obligations: Defined contribution superannuation funds

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions onto a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution superannuation funds are recognised as an expense in the income statement as incurred.

d. Termination benefits

When applicable, the Group recognises a liability and expense for termination benefits at the earlier of: (a) the date when the Group can no longer withdraw the offer for termination benefits; and (b) when the Group recognises costs for restructuring pursuant to AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* and the costs include termination benefits. In either case, unless the number of employees affected is known, the obligation for termination benefits is measured based on the number of employees expected to be affected. Termination benefits that are expected to be settled wholly before 12 months after the annual reporting period in which the benefits are recognised are measured at the (undiscounted) amounts expected to be paid. All other termination benefits are accounted for on the same basis as other long-term employee benefits.

Notes to the consolidated financial statements
for the year ended 31 December 2023

Note 2 Expenses (cont.)

2.3 Accounting policies (cont.)

e. Equity-settled compensation

The fair value of options granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options granted is measured using the Black-Scholes pricing model, considering the terms and conditions upon which the options were granted. The amount recognised is adjusted to reflect the actual number of share options that vest except where forfeiture is only due to market conditions not being met.

Note 3 Other Significant Accounting Policies related to items of profit and loss

3.1 Finance income and expenses

Finance income comprises interest income on funds invested (including available-for-sale financial assets), gains on the disposal of available-for-sale financial assets and changes in the fair value of financial assets at fair value through profit or loss. Interest revenue is recognised on a time proportionate basis that considers the effective yield on the financial asset.

Financial expenses comprise interest expense on borrowings calculated using the effective interest method, unwinding of discounts on provisions, changes in the fair value of financial assets at fair value through profit or loss and impairment losses recognised on financial assets. All borrowing costs are recognised in profit or loss using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in income in the period in which they are incurred.

Note 4 Income tax	Note	2023 $'000	2022 $'000
4.1 Income tax expense			
Current tax expense		230	1,182
Deferred tax expense		-	-
		230	1,182
Deferred income tax expense included in income tax expense comprises:			
Increase in deferred tax assets (**DTAs**)	4.6	-	-
Increase / (decrease) in deferred tax liabilities (**DTLs**)		-	-
		-	-
4.2 Reconciliation of income tax expense to prima facie tax payable			
The prima facie tax benefit on profit or loss from ordinary activities before income tax is reconciled to the income tax expense as follows:			
Accounting profit before tax		7,488	11,400
Prima facie tax on operating profit at 30% (2022 profit: 30%)		2,246	3,420
Add / (Less) tax effect of:			
Non-deductible expenses		241	557
Effect of different tax rates of subsidiaries operating in other jurisdictions		(1,755)	(2,380)
Deferred tax assets not brought to account		(502)	(415)
Income tax expense attributable to operating profit		230	1,182

Notes to the consolidated financial statements

for the year ended 31 December 2023

Note 4 Income tax (cont.)

		2023 %	2022 %
4.3	The applicable weighted average effective tax rates attributable to operating profit are as follows:	3.07	10.37

a. The potential tax benefit for 2023 in respect of tax losses not brought into account has been calculated at 30% for Australian entities (2022: 30%). The tax benefit and expense for 2023 in respect of tax effect brought into account in relation to China operations has been calculated at 15% for China entities and 0% for Honk Kong. The tax benefit and expense for 2023 in respect of tax effect brought into account in relation to Europe operations has been calculated at following rates: The Netherlands – 25.8%; Italy – 24%; and the UK – 25%.

		2023	2022
4.4	Balance of franking account at year end of the parent company	$nil	$nil

4.5 Current tax liabilities

	2023 $'000	2022 $'000
Income taxes payable	-	474
	-	474

4.6 Deferred tax assets (DTA)

	Note	2023 $'000	2022 $'000
Accrued expenses		20	20
Unused tax losses		7,240	7,080
Net DTAs		7,260	7,100
Less: DTAs not recognised		(7,260)	(7,100)
Net deferred tax assets		-	-

4.7 Tax losses and deductible temporary differences

Unused tax losses and deductible temporary differences for which no DTA has been recognised, that may be utilised to offset tax liabilities:

	2023 $'000	2022 $'000
Revenue losses attributable to Australia	7,240	7,080
	7,240	7,080

4.8 Potential DTAs attributable to tax losses have not been brought to account at 31 December 2023 because the Directors do not believe it is appropriate to regard realisation of the deferred tax assets as probable at this point in time. These benefits will only be obtained if:

i. the Group derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the loss to be realised;

ii. the Company continues to comply with conditions for deductibility imposed by law; and

iii. no changes in tax legislation adversely affect the Group in realising the benefit from the deductions for the loss.

Balances disclosed in the financial statements and the notes thereto, related to taxation, are based on the best estimates of the Directors. These estimates consider both the financial performance and position of the Company as they pertain to current income taxation legislation, and the Directors understanding thereof. No adjustment has been made for pending or future taxation legislation. The current income tax position represents that Directors' best estimate, pending an assessment by tax authorities in relevant jurisdictions.

The Group has accumulated tax losses of $24,133K (2022: $23,600K) which may be available for offset against future taxable profits of the parent company in which the losses arose. The recoupment of these losses is subject to assessment by the Australian Taxation Office.

Notes to the consolidated financial statements
for the year ended 31 December 2023

Note 4 Income tax (cont.)

4.9 Accounting policy

4.9.1 *Income tax*

The income tax expense or benefit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary difference and to unused tax losses.

The current income tax charge is calculated based on the jurisdictional tax laws enacted or substantively enacted at the end of the reporting period being where the Group and its associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate based on amounts expected to be paid to the tax authorities.

4.9.2 *Current tax*

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance date, in Australia.

4.9.3 *Deferred tax*

Deferred income tax is provided on all temporary differences at the balance date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities (**DTL**) are recognised for all taxable temporary differences except:

- when the DTL arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets (**DTA**) are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the DTA relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a DTA is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of DTA is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the DTA to be utilised.

Unrecognised DTA are reassessed at each balance date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered. DTAs and DTLs are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss. DTAs and DTLs are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the DTAs and DTLs relate to the same taxable entity and the same taxation authority.

Notes to the consolidated financial statements
for the year ended 31 December 2023

Note 5 Financial assets and financial liabilities

5.1 Cash and cash equivalents

	2023 $'000	2022 $'000
Cash at bank	42,524	28,026
	42,524	28,026

5.1.1 The Group's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in note 8 *Financial risk management*.

5.1.2 ***Cash Flow Information***

	Note	2023 $'000	2022 $'000
a. Reconciliation of cash flow from operations to loss after income tax			
Profit / (loss) after income tax		7,258	10,218
Cash flows excluded from loss attributable to operating activities		-	-
Non-cash flows in loss from ordinary activities:			
Depreciation and amortisation		865	1,310
Share-based payments expense	21	1,208	1,658
Other non-cash (gains)/losses		(3,156)	-
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries:			
(Increase) or decrease in trade and other receivables		3,031	(2,657)
(Increase) or decrease in inventories		(2,953)	(980)
(Increase) or decrease in other assets		5,990	(6,076)
Increase or (decrease) in trade and other payables		(7,902)	6,033
(Decrease) in tax balances		(474)	-
Cash flow from operations		3,867	9,506

b. Reconciliation of liabilities arising from financing activities

	2021 $'000	Cash flows $'000	Non-cash changes: Additions $'000	Other Changes $'000	Change due to FX rates $'000	Converted to equity $'000	2022 $'000
Leases	431	(156)	-	-	-	-	275
Total liabilities from financing activities	431	(156)	-	-	-	-	275

	2022 $'000	Cash flows $'000	Non-cash changes: Additions $'000	Other Changes $'000	Change due to FX rates $'000	Converted to equity $'000	2023 $'000
Short-term borrowings	-	4,187	-	-	(67)	-	4,120
Leases	275	(295)	1,202	-	(2)	-	1,180
Total liabilities from financing activities	275	3,892	1,202	-	(69)	-	5,300

c. Credit and loan standby arrangement with banks

Refer note 5.5.4 Financing facilities available.

d. Non-cash investing and financing activities

During the year there were no non-cash investing and financing activities (2022: none)

Notes to the consolidated financial statements
for the year ended 31 December 2023

Note 5 Financial assets and financial liabilities (cont.)

5.1 Cash and cash equivalents (cont.)

5.1.3 *Accounting policy*

For *Statement of Cash Flow* presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid instruments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the *Statement of Financial Position*.

5.2 Trade and other receivables

	Note	2023 $'000	2022 $'000
5.2.1 *Current*			
Trade debtors		7,639	13,408
Less: Loss allowance	5.2.5	-	(4,524)
Other receivables		1,581	8,586
		9,220	17,470
5.2.2 *Non-current*			
Other receivables		2,277	-
		2,277	-

a. Other receivables are due for repayment in August 2025 interest charged at 4% per annum

5.2.3 The Group's exposure to credit rate risk is disclosed in note 8 *Financial risk management*.

5.2.4 Trade receivables are non-interest bearing and are generally on 30-60 days terms. A provision for expected credit losses is by reference to past default experience and an analysis of the ageing and known financial position of the debtor. The Company writes off a receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery.

5.2.5 The loss allowance related to the bankruptcy of a Dutch B2B customer, and was fully provided for in 2022. In the current year, the Group recovered US$1.6 million of stock and US$0.5 million in a settlement, resulting in the recovery of loss allowance of A$2.43 million.

5.2.6 *Accounting policy*

Trade and other receivables include amounts due from customers for goods sold in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

a. Determining the stage for impairment

At each reporting date, the Group assesses whether there has been a significant increase in credit risk for exposures since initial recognition by comparing the risk of default occurring over the remaining expected life from the reporting date and the date of initial recognition. The Group considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information and also, forward-looking analysis.

An exposure will migrate through the expected credit loss (**ECL**) stages as asset quality deteriorates. If, in a subsequent period, asset quality improves and also reverses any previously assessed significant increase in credit risk since origination, then the provision for doubtful debts reverts from lifetime ECL to 12-months ECL. Exposures that have not deteriorated significantly since origination are considered to have a low credit risk. The provision for doubtful debts for these financial assets is based on a 12-months ECL. When an asset is uncollectible, it is written off against the related provision. Such assets are written off after all the necessary procedures have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off reduce the amount of the expense in the *Consolidated Statement of Profit or Loss and Other Comprehensive Income*.

The Group assesses whether the credit risk on an exposure has increased significantly on an individual or collective basis. For the purposes of a collective evaluation of impairment, financial instruments are accompanied on the basis of shared credit risk characteristics, taking into account instrument type, credit risk ratings, date of initial recognition, remaining term to maturity, industry, geographical location of the borrower and other relevant factors

Notes to the consolidated financial statements
for the year ended 31 December 2023

Note 5 Financial assets and financial liabilities (cont.)

5.3 Other assets

	Note	2023 $'000	2022 $'000
5.3.1 *Current*			
Advances to suppliers	5.3.1a	3,845	9,923
Other current assets		1,202	-
		5,047	9,923

a. Advance to suppliers are for the supply of electric motorcycle/moped inventories for the Group's electric two-wheel vehicle operations.

5.4 Trade and other payables

	2023 $'000	2022 $'000
5.4.1 *Current*		
Trade creditors	2,567	7,386
Advances and deposits from customers / unearned revenue	6,244	9,701
Other creditors and accruals	2,709	3,346
Bank acceptance draft	-	1,150
Shareholder advances	-	118
	11,520	21,701

5.4.3 *Accounting policy*

a. Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months.

b. Advance and deposits from customers / unearned revenue

The Group recognises advances and deposit payments received from customers as liabilities until the related goods are delivered, at which point amounts will be recognised as revenue.

5.5 Borrowings

	Note	2023 $'000	2022 $'000
5.5.1 *Current*			
Bank loans	5.5.2	4,120	-
		4,120	-

5.5.2 The Industrial and Commercial Bank of China bank loan:

- **Facility** RMB 20 million
- **Term** 1 year
- **Interest Rate** 3.3% fixed
- **Establishment / Extension Fee** Minimal
- **Financial Covenants** None

Subsequent to year end, in January 2024, the Group repaid this facility in full. As at the date of this report, the Company has no bank debt.

5.5.3 *Assets pledged as security*

No assets have been pledged as security.

Notes to the consolidated financial statements
for the year ended 31 December 2023

Note 5 Financial assets and financial liabilities (cont.)

5.5 Borrowings (cont.)

5.5.4 *Financing facilities available*

At balance date, the following financing facilities had been negotiated and were available:	Total facilities		Facilities used		Facilities unused	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000	2023 $'000	2022 $'000
Bank and other loans	4,120	-	(4,120)	-	-	-
Total facilities at balance date	4,120	-	(4,120)	-	-	-

5.5.5 *Accounting policy*

a. Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled, or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

5.6 Other Significant Accounting Policies related to Financial Assets and Liabilities

5.6.1 *Investments and other financial assets*

a. Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (**FVOCI**).

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

b. Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Notes to the consolidated financial statements
for the year ended 31 December 2023

Note 5 Financial assets and financial liabilities (cont.)

5.6 Other Significant Accounting Policies related to Financial Assets and Liabilities (cont.)

c. Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (**FVPL**), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

i. *Debt instruments*

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- *Amortised cost*: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses). Impairment losses are presented as separate line item in the statement of profit or loss.
- *FVOCI*: Assets held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in carrying amounts are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When a financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented separately in the statement of profit or loss.
- *FVPL*: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

ii. *Equity instruments*

The Group subsequently measures all equity investments at fair value. Where the group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

d. Impairment

The Group assesses on a forward-looking basis, the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Notes to the consolidated financial statements

for the year ended 31 December 2023

Note 6 Non-financial assets and financial liabilities

6.1 Inventories

	2023 $'000	2022 $'000
Raw materials	3,525	4,557
Work-in-progress	-	485
Finished goods	12,620	8,466
	16,145	13,508

6.1.1 *Accounting policy*

Inventories are measured at the lower of cost and net realisable value. The cost of inventories includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

6.2 Property, plant, and equipment

	2023 $'000	2022 $'000
Plant and equipment – at cost	4,664	2,929
Accumulated depreciation	(2,055)	(1,609)
	2,609	1,320
Motor vehicles – at cost	415	425
Accumulated depreciation	(238)	(144)
	177	281
Land – at cost	-	-
Buildings – at cost	9,089	7,316
Accumulated amortisation	(3,861)	(3,761)
	5,228	3,555
Total property, plant, and equipment	8,014	5,156

6.2.1 *Movements in Carrying Amounts*

	Plant and Equipment $'000	Motor vehicles $'000	Land $'000	Buildings $'000	Total $'000
Carrying amount at 1 January 2022	424	386	1,100	4,079	5,989
Additions	1,103	-	-	48	1,151
Reclassifications to right-of-use assets	-	-	(1,100)	-	(1,100)
Depreciation for the year	(288)	(100)	-	(500)	(888)
Exchange differences	81	(5)	-	(72)	4
Carrying amount at 31 December 2022	1,320	281	-	3,555	5,156
Carrying amount at 1 January 2023	1,320	281	-	3,555	5,156
Additions	1,242	-	-	2,226	3,468
Disposals / write-offs	-	-	-	-	-
Depreciation for the year	(143)	(100)	-	(386)	(629)
Exchange differences	190	(4)	-	(167)	19
Carrying amount at 31 December 2023	2,609	177	-	5,228	8,014

Notes to the consolidated financial statements

for the year ended 31 December 2023

Note 6 Non-financial assets and financial liabilities (cont.)

6.2 Property, plant, and equipment (cont.)

6.2.2 *Accounting policy*

a. Recognition and measurement

Items of plant and equipment are measured on the cost basis and carried at cost less accumulated depreciation (see below) and impairment losses (see accounting policy 6.5.1 *Impairment of non-financial assets*).

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads. Cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation.

Where considered material, the carrying amount of property, plant, and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have not been discounted to their present values in determining recoverable amounts.

Where parts of an item of property, plant, and equipment have different useful lives, they are accounted for as separate items of plant and equipment.

b. Subsequent costs

The cost of replacing part of an item of plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. Any costs of the day-to-day servicing of plant and equipment are recognised in the income statement as an expense as incurred.

c. Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated. Assets will be depreciated once the asset is in the condition necessary for it to be capable of operating in the manner intended by management.

The estimated useful lives for the current and comparative periods are as follows:

Class	2023 Years	2022 Years
Plant and equipment:		
▼ Plant and equipment	3 – 10	3 – 10
▼ Office furniture and fittings	5	5
▼ Moulds	5	5
Motor vehicles	4	4
Buildings		
▼ Buildings	20	20
▼ Leasehold improvements	5	5

Depreciation methods, useful lives and residual values are reviewed at each reporting date. The carrying amount of plant and equipment is reviewed to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets' employment and subsequent disposal. The expected net cash flows have not been discounted to their present values in determining recoverable amounts.

d. Derecognition and disposal

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment and is recognised net within other income in profit or loss. Where revalued assets are sold, any related amount included in the revaluation reserve is transferred to retained earnings.

Notes to the consolidated financial statements
for the year ended 31 December 2023

Note 6 Non-financial assets and financial liabilities (cont.)

6.3 Leases	2023 $'000	2022 $'000
6.3.1 *Right-of-use assets*		
Land	3,552	756
Buildings	1,142	246
	4,694	1,002
6.3.2 *Lease liabilities*		
Current	257	110
Non-current	923	165
	1,180	275
6.3.3 *Additions to the right-of-use assets*		
Land *(including reclassifications)*	2,899	1,100
Buildings	989	-
	3,888	1,100
6.3.4 *Amounts recognised in the statement of profit or loss:*		
Depreciation charge of right-of-use assets:		
▼ Land	54	324
▼ Buildings	182	98
	236	422
Interest expense (included in finance cost)	42	17
6.3.5 *Amounts recognised in comprehensive income:*		
Exchange differences:		
▼ Land	89	21
▼ Buildings	18	16
	107	37
6.3.6 *Total cash outflow for leases*	295	156

6.3.7 *Operating leases*

The Group leases out partial of its Nanjing manufacturing facilities and these leases have been classified as operating leases because they do not transfer substantially the risks and rewards incidental to the ownership of the assets.

Rental income recognised by the Group during the year ended 31 December 2023 was $1,035K (2022: $512K).

6.3.8 *Accounting policy*

a. The Group as a Lessee

The Group leases warehouse and office facilities in the UK, France, the Netherlands, and Italy for its electric two-wheel vehicle distribution and after sales operations. The leases typically run for a period between 5 and 6 years, with an option to renew the lease after that date. Lease payments are adjusted based on changes in local price indices. The Group is restricted from entering any sub-lease arrangements.

Except for short-term leases and leases of low-value underlying assets, each lease is reflected in the consolidated statement of financial position as a right-of-use assets and lease liabilities. The Group classifies its right-of-use assets in a consistent manner to its property, plant and equipment.

Notes to the consolidated financial statements
for the year ended 31 December 2023

Note 6 Non-financial assets and financial liabilities (cont.)

6.3 Leases (cont.)

i. *Recognition and measurement*

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and do not contain a purchase option, and leases of low value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

A. Right-of-use Asset

The Group recognises a right-of-use asset at the commencement date of the lease. The right-of-use asset is initially measured at cost. The cost of right-of-use assets includes the amount of lease liabilities recognised, adjusted for any lease payments made at or before the commencement date, plus initial direct costs incurred and an estimate of costs to dismantle, remove or restore the leased asset, less any lease incentives received.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Subsequent to initial measurement, the right-of-use asset is depreciated on a straight-line basis over the shorter of the lease term and the estimated useful life as follows:

- Land 45 – 50 years
- Buildings 3 – 6.25 years

Where a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group anticipates to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

Right-of-use assets are subject to impairment and are adjusted for any remeasurement of lease liabilities.

B. Lease liabilities

At inception of a contract, the Group assesses if the contract contains or is a lease. If there is a lease present, a right-of-use asset and a corresponding lease liability are recognised by the Group where the Group is a lessee

Initially the lease liability is measured at the present value of the lease payments still to be paid at the commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses the incremental borrowing rate. Lease payments included in the measurement of the lease liability are as follows:

- fixed lease payments less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options;
- lease payments under extension options, where the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, where the lease term reflects the exercise of an option to terminate the lease.

The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payments occurs. The present value of lease payments is discounted using the interest rate implicit in the lease or, if the rate cannot be readily determined, the Group's incremental borrowing rate.

The lease liability is measured at amortised cost using the effective interest method. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made.

The amount of lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension, or termination option.

Notes to the consolidated financial statements

for the year ended 31 December 2023

Note 6 Non-financial assets and financial liabilities (cont.)

6.3 Leases (cont.)

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recognised in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

ii. *Extension and termination options*

Extension options are included in the property leases of the Group.

b. The Group as a Lessor

Upon entering into each contract as a lessor, the Group assesses if the lease is a finance or operating lease.

A contract is classified as a finance lease when the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases not within this definition are classified as operating leases.

Rental income received from operating leases is recognised on a straight-line basis over the term of the specific lease. Rental income due under finance leases are recognised as receivables at the amount of the Group's net investment in the leases.

Initial direct costs incurred in entering into an operating lease (for example, legal cost, costs to set up equipment) are included in the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

When a contract is determined to include lease and non-lease components, the Group applies AASB 15 to allocate the consideration under the contract to each component.

6.4 Intangible assets

	Note	2023 $'000	2022 $'000
Goodwill		3,971	3,971
Impairment charge		(3,971)	(3,971)
		-	-
Licences, trademarks, patents, and production rights		4,803	2,016
Accumulated amortisation		(797)	(797)
Accumulated impairment		(1,219)	(1,219)
		2,787	-
Development costs		4,836	4,836
Accumulated amortisation		(566)	(566)
Accumulated impairment		(4,270)	(4,270)
		-	-
Total intangibles		2,787	-

6.4.1 *Movements in Carrying Amounts*

	Goodwill $'000	Licences, trademarks, and production rights $'000	Development costs $'000	Total $'000
Carrying amount at 1 January 2022	-	-	-	-
Amortisation expense	-	-	-	-
Carrying amount at 31 December 2022	-	-	-	-
Carrying amount at 1 January 2023	-	-	-	-
Additions	-	2,787	-	2,787
Amortisation expense	-	-	-	-
Carrying amount at 31 December 2023	-	2,787	-	2,787

Notes to the consolidated financial statements

for the year ended 31 December 2023

Note 6 Non-financial assets and financial liabilities (cont.)

6.4 Intangible assets (cont.)

6.4.2 *Accounting policy*

a. Intangible assets acquired separately

Intangible assets acquired separately are recorded at cost less accumulated amortisation and impairment. Amortisation is charged on a straight-line basis over the estimated useful lives. The estimated useful life and amortisation method is reviewed at the end of each year, with any changes in these estimates being accounted for on a prospective basis.

i. *Trademarks, licenses and production rights*

Trademarks, licenses and production rights are recognised at cost of acquisition. Licenses and production rights have an indefinite life and are carried at cost less any accumulated impairment. Trademarks are estimated to have a useful life of five years and amortised over a five-year period. The carrying values of trademark are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

ii. *Patents*

Patents acquired in a business combination and recognised separately from goodwill are initially recognised at fair value at acquisition date (which is deemed cost). Subsequent to initial recognition, patents acquired in a business combination are reported at cost less accumulated amortisation and impairment, on the same basis as patents acquired separately.

iii. *Customer contracts*

Customer contracts acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their costs). Subsequent to initial recognition, customer contracts acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as patents that are acquired separately.

b. Intangible assets acquired in a business combination

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of us or useful life are accounted for prospectively by changing the amortisation method or period.

c. Development Costs

Development costs are capitalised only when technical feasibility studies identify that the project is expected to deliver future economic benefits and these benefits can be measured reliably. Capitalised development costs have a finite useful life and are amortised on a systematic basis based on the future economic benefits over the useful life of the project.

6.5 Other Significant Accounting Policies related to Non-Financial Assets and Liabilities

6.5.1 *Impairment of non-financial assets*

The carrying amounts of the Group's non-financial assets, other than deferred tax assets (see note 4.9) are reviewed at each reporting date to determine whether there is any indication of impairment. If an indication exists, then the asset's recoverable amount is estimated. Goodwill and intangible assets that have indefinite useful lives are not subject to amortisation and tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are reviewed for impairment whenever events or changes in circumstances indicate carrying amounts may not be recoverable

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit (**CGU**) exceeds its recoverable amount. A CGU is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in the income statement, unless the asset has previously been revalued, in which case the impairment loss is recognised as a reversal to the extent of that previous revaluation with any excess recognised through the income statement. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit on a pro rata basis.

The recoverable amount of an asset or CGU is the greater of its fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the CGU to which the asset belongs.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation and amortisation, if no impairment loss had been recognised.

Notes to the consolidated financial statements

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Note 7 Equity

7.1 Issued capital

	Note	2023 No.	2022 No.	2023 $'000	2022 $'000
Fully paid ordinary shares		395,487,192	283,524,201	109,841	91,908

7.1.1 *Ordinary shares*

	Note	2023 No.	2022 No.	2023 $'000	2022 $'000
At the beginning of the year		283,524,201	279,360,084	91,908	90,559
Shares issued during the year:					
Issue at nil consideration	7.1.1a	-	1,720,000	-	168
Issue at $0.353 per share	7.1.1b	-	1,500,000	-	529
Issue at $0.430 per share	7.1.1c	-	94,117	-	40
Issue at nil consideration	7.1.1d	-	850,000	-	306
Issue at $0.337 per share	7.1.1e	4,037,117	-	1,360	-
Employee incentive shares	7.1.1f	1,950,000	-	179	-
Issue at $0.330 per share	7.1.1g	288,139		95	-
Issue at $0.350 per share	7.1.1h	42,857	-	15	-
Issue at $0.275 per share	7.1.1i	107,142	-	29	-
Issue at $0.275 per share	7.1.1j	290,834	-	80	-
Vesting of employee shares	7.1.1k	-	-	420	306
Issue at $0.150 per share	7.1.1l	37,222,333	-	5,583	-
Issue at $0.150 per share	7.1.1l	35,337,070	-	5,301	-
Issue at $0.150 per share	7.1.1l	32,687,499	-	4,903	-
Transaction costs relating to share issues		-	-	(32)	-
At reporting date		395,487,192	283,524,201	109,841	91,908

a. *04.04.2022* Issued to employees of the Company, at nil consideration, in recognition of their efforts and contribution to the Company, recognised over a three-year vesting period.

b. *11.04.2022* Issued to investors pursuant to strategic partnership and investment agreements signed.

c. *13.05.2022* Shares issued to a director in lieu of unpaid Director fees.

d. *19.12.2022* Shares to Directors as a result of vesting of 850,000 service rights.

e. *03.01.2023* Issue of shares upon vesting of performance rights (refer note 7.2.1).

f. *22.02.2023* Issued at nil consideration to employees of the Company in recognition of their efforts and contribution to the Company (refer note 21.2.1a).

g. *22.02.2023* Issued 288,139 shares at $0.33 per share to a key management person pursuant to their employment contract (refer note 21.2.1a).

h. *23.03.2023* Issued 42,857 shares at $0.35 per share to a former director who has ceased to be a related party, in lieu of historic Director fees (refer note 21.2.1a).

i. *01.06.2023* Issued 107,142 shares at $0.275 per share, in lieu of Director's fees (refer note 21.2.1a).

j. *01.06.2023* Issued 290,834 shares at $0.275 per share, as a portion of Managing Director's and Finance Director's remuneration (refer note 21.2.1a).

k. Vesting of shares issued in 2019/2020, 2020/2021, and 2021/2022 to employees, valued at $28,698, $168,133, and $223,600 respectively.

l. *20.11.2023 and 06.11.2023* Share rights issue of 105,246,902 at 15 cents per share, raising a total of $15.787 million.

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Note 7 Equity (cont.)

7.2 Options and rights

	Note	2023 No.	2022 No.	2023 $'000	2022 $'000
Options		23,100,000	24,100,000	195	99
Performance rights		6,768,402	7,932,147	588	1,753
		29,868,402	32,032,147	783	1,852

7.2.1 *Options and rights movement*		2023 No.	2022 No.	2023 $'000	2022 $'000
At the beginning of the year		32,032,147	6,757,289	1,852	974
Changes during the year:					
2020 performance rights	21.2.2	-	-	-	812
2021 performance rights	21.2.2	-	-	121	121
2022 performance rights	21.2.2	-	2,024,858	152	152
Options exp. 11.04.26 at $0.45	7.2.1a	-	6,600,000	-	-
Options exp. 11.04.27 at $0.55	7.2.1a	-	7,700,000	-	-
Options exp. 11.04.27 at $0.65	7.2.1a	-	8,800,000	-	-
2022 options to Jane Morgan	7.2.1b	-	1,000,000	-	99
Vest of service rights 2020		-	(850,000)	-	(306)
2023 performance rights	21.2.2	2,873,372	-	117	-
Vest of service rights 2020	21.2.2	(4,037,117)	-	(1,360)	-
Unvested options 20.06.25	7.2.1b	(1,000,000)	-	(99)	-
At reporting date		29,868,402	32,032,147	783	1,852

a. *11.04.2022* A total of 23.1 million options issued to Giovanni Castiglioni with exercises prices between $0.45 and $0.65 pursuant to the strategic partnership and investment agreement announced to ASX on 4 April 2022. They were issued for nil consideration.

Grant date	Vesting date	Expiry date	Exercise Price $	Options No.
11.04.2022	11.04.2022	11.04.2026	0.45	6,600,000
11.04.2022	11.04.2022	11.04.2027	0.55	7,700,000
11.04.2022	11.04.2022	11.04.2027	0.65	8,800,000

b. *21.04.2022* Issued 1 million options to an advisor for investor relation services provided. These options did not vest during the current year, and were reversed.

7.3 Reserves

7.3.1 *Summary of equity reserves:*	2023 $'000	2022 $'000
Share-based payment reserve	783	1,852
Foreign currency translation reserve	(2,686)	475
	(1,903)	2,327

7.3.2 *Nature and purpose of reserves*

a. Share-based payment reserve

The share-based payments reserve is used to recognise the value of options and performance shares or rights issued but not exercised and to recognise the fair value of service and performance rights issued but not yet vested.

b. Foreign Currency Translation Reserve

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

Notes to the consolidated financial statements

for the year ended 31 December 2023

SECTION B. RISK

This section of the notes discusses the Group's exposure to various risks and shows how these could affect the Group's financial position and performance.

Note 8 Financial risk management

8.1 Financial Risk Management Policies

This note presents information about the Group's exposure to each of the above risks, its objectives, policies and procedures for measuring and managing risk, and the management of capital.

The Group's principal financial instruments comprise bank and other loans, cash and short-term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations.

The Group has various other financial instruments such as trade debtors and trade creditors, which arise directly from its operations.

It is, and has been throughout the period under review, the Group's policy that no trading in derivative instruments shall be undertaken.

A summary of the Group's financial assets and liabilities is shown below:

	Floating Interest Rate $'000	Fixed Interest Rate $'000	Non-Interest Bearing $'000	2023 Total $'000	Floating Interest Rate $'000	Fixed Interest Rate $'000	Non-Interest Bearing $'000	2022 Total $'000
Financial Assets								
Cash and cash equivalents	42,524	-	-	42,524	28,026	-	-	28,026
Trade and other receivables	-	2,277	9,220	11,497	-	-	17,470	17,470
Total Financial Assets	42,524	2,277	9,220	54,021	28,026	-	17,470	45,496
Financial Liabilities at amortised cost								
Trade and other payables	-	-	11,520	11,520	-	-	21,701	21,701
Borrowings	-	4,120	-	4,120	-	-	-	-
Leases	-	1,180	-	1,180	-	275	-	275
Total Financial Liabilities	-	5,300	11,520	16,820	-	275	21,701	21,976
Net Financial Assets / (Liabilities)	42,524	(3,023)	(2,300)	37,201	28,026	(275)	(4,231)	23,520

8.2 Specific Financial Risk Exposures and Management

The main risk the Group is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate, foreign currency risk and equity price risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

The Board has overall responsibility for the establishment and oversight of the risk management framework. The Board adopts practices designed to identify significant areas of business risk and to effectively manage those risks in accordance with the Group's risk profile. This includes assessing, monitoring and managing risks for the Group and setting appropriate risk limits and controls. The Group is not of a size nor is its affairs of such complexity to justify the establishment of a formal system for risk management and associated controls. Risk management is carried out by the full Board as the Group believes that it is crucial for all board members to be involved in this process. The Chairman, with the assistance of senior management as required, has responsibility for identifying, assessing, treating and monitoring risks and reporting to the Board on risk management.

Notes to the consolidated financial statements
for the year ended 31 December 2023

Note 8 Financial risk management (cont.)

8.2.1 *Credit risk*

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Group.

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group continuously monitors credit risks arising from its trade receivables which are principally with significant and reputable companies. It is the Group's policy that credit verification procedures, including assessment of credit ratings, financial position, past experience and industry reputation, are performed on new customers that request credit terms. Risk limits are set for each customer and regularly monitored. Receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables.

Credit risk exposures

The maximum exposure to credit risk, arising from cash and cash equivalents and trade receivables, is limited to the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements.

Credit risk related to balances with banks and other financial institutions is managed by the Group in accordance with approved Board policy. Such policy requires that surplus funds are only invested with financial institutions residing in Australia, wherever possible. There are no significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors and/or regions.

Impairment losses

The ageing of the Group's current trade and other receivables at reporting date was as follows:

	Gross 2023 $'000	Impaired 2023 $'000	Net 2023 $'000	Past due but not impaired 2023 $'000	Gross 2022 $'000	Impaired 2022 $'000	Net 2022 $'000	Past due but not impaired 2022 $'000
Trade receivables								
Not past due to 30 days	2,372	-	2,372	-	4,883	-	4,883	-
Not past due 31 to 60 days	685	-	685	685	1,552	-	1,552	-
Past due 61 to 90 days	2,471	-	2,471	2,471	2,640	-	2,640	2,640
Past due over 90 days	3,421	-	3,421	3,421	12,919	(4,524)	8,395	8,395
	8,949	-	8,949	6,577	21,994	(4,524)	17,470	11,035
Other receivables								
Not past due	2,548	-	2,548	-	-	-	-	-
Total	11,497	-	11,497	6,577	21,994	(4,524)	17,470	11,035

2023

As of 31 December 2023, trade and other receivables of $6,577K (31 December 2022: $11,035K) were past due but not impaired.

2022

Of the $11,035K past due, $4,828K relates to deferred payment arrangement with a B2C customer. The customer has been making payments on time, in full.

Additionally, $5,515K relates to a short-term advance to Nanjing Vmoto Soco Intelligent Technology Co, Ltd (Vmoto Soco Manufacturing), which is the Company's jointly owned Chinese registered manufacturing company. The short-term advance will only be due for repayments in August 2023 and it has no history of default.

The remaining trade and other receivables relate to a number of independent customers for whom there is no recent history of default.

Notes to the consolidated financial statements

for the year ended 31 December 2023

Note 8 Financial risk management (cont.)

8.2.2 *Liquidity risk*

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Ultimate responsibility for liquidity risk management rests with the Board, who have built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Group manages this risk through the following mechanisms:

- preparing forward-looking cash flow analyses in relation to its operational, investing and financing activities;
- monitoring undrawn credit facilities;
- obtaining funding from a variety of sources;
- maintaining a reputable credit profile; and
- managing credit risk related to financial assets.

The Group has no access to credit standby facilities or arrangements for further funding or borrowings in place. The non-interest bearing financial liabilities the Group had at the end of the reporting period were trade and other payables incurred in the normal course of the business. These were and were due within the normal 30-60 days terms of creditor payments. Interest-bearing liabilities of the Group comprised borrowings (note 5.5) and leases (note 6.3).

- *Contractual Maturities*

The table below analyses the Group's financial liabilities and assets into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows:

	Within 1 Year		Greater Than 1 Year		Total	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000	2023 $'000	2022 $'000
Financial liabilities due for payment						
Trade and other payables	11,520	21,701	-	-	11,520	21,701
Borrowings	4,120	-	-	-	4,120	-
Leases	257	110	923	165	1,180	275
Total contractual outflows	15,897	21,811	923	165	16,820	21,976
Financial assets						
Cash and cash equivalents	42,524	28,026	-	-	42,524	28,026
Trade and other receivables	9,220	17,470	2,277	-	11,497	17,470
Total anticipated inflows	51,744	45,496	2,277	-	54,021	45,496
Net outflow on financial instruments	35,847	23,685	1,354	(165)	37,201	23,520

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

8.2.3 *Market risk*

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Group's activities minimally expose it to the financial risks of changes in foreign currency exchange rates, commodity prices and exchange rates. The Group does not enter into derivative financial instruments including foreign exchange forward contracts to hedge against financial risk. There has been no change to the Group's exposure to market risks or the manner in which it manages and measures the risk from the previous period.

Notes to the consolidated financial statements

for the year ended 31 December 2023

Note 8 Financial risk management (cont.)

a. Interest rate risk

The Group's exposure to market risk for changes in interest rates relates primarily to the Group's short-term debt obligations.

Cash includes funds held in term deposits and cheque accounts during the year, which earned interest at rates ranging between 0% and 3.3%, depending on account balances. The Group currently does not have credit facilities.

All other financial assets and liabilities are non-interest bearing.

b. Foreign exchange risk

The Group is exposed to foreign currency on sales, purchases and borrowings that are denominated in a currency other than Australian Dollars. The currencies giving rise to this risk is primarily US Dollar (**USD**), Chinese Renminbi (**RMB**), and European Euro (**EUR**), and minor exposure to the Hong Kong Dollar (**HKD**) and Singaporean Dollar (**SGD**).

At balance date, the Group had the following exposures to foreign currency that are not designated as cash flow hedges:

2023	USD A$'000	RMB A$'000	EUR A$'000	SGD A$'000	HKD A$'000	FX exposed currency A$'000	AUD A$'000	Total A$'000
Financial assets								
Cash and cash equivalents	21,263	14,650	1,849	2	10	37,774	4,750	42,524
Trade and other receivables	672	10,652	3,101	11	-	14,436	(5,216)	9,220
Total financial assets	21,935	25,302	4,950	13	10	52,210	(466)	51,744
Financial liabilities								
Trade and other payables	3,821	2,496	6,555	-	308	13,180	(1,660)	11,520
Borrowings	-	4,120	-	-	-	4,120	-	4,120
Leases	-	-	1,180	-	-	1,180	-	1,180
Total financial liabilities	3,821	6,616	7,735	-	308	18,480	(1,660)	16,820
Net foreign currency financial assets	18,114	18,686	(2,785)	13	(298)	33,730	1,194	34,924

2022	USD A$'000	RMB A$'000	EUR A$'000	SGD A$'000	HKD A$'000	FX exposed currency A$'000	AUD A$'000	Total A$'000
Financial assets								
Cash and cash equivalents	18,891	4,746	1,537	22	17	25,213	2,813	28,026
Trade and other receivables	8,319	7,576	1,570	-	-	17,465	5	17,470
Total financial assets	27,210	12,322	3,107	22	17	42,678	2,818	45,496
Financial liabilities								
Trade and other payables	6,976	10,221	4,599	-	-	21,796	(95)	21,701
Leases	-	-	275	-	-	275	-	275
Total financial liabilities	6,976	10,221	4,874	-	-	22,071	(95)	21,976
Net foreign currency financial assets	20,234	2,101	(1,767)	22	17	20,607	2,913	23,520

c. Price risk

Price risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Group does not presently hold material amounts subject to price risk. As such the Board considers price risk as a low risk to the Group.

Notes to the consolidated financial statements

for the year ended 31 December 2023

Note 8 Financial risk management (cont.)

8.2.4 *Sensitivity Analyses*

In managing interest rate and currency risks, the Company endeavours to reduce the impact of short-term fluctuations on the Company's earnings. Over the longer term, however, permanent changes in foreign exchange and interest rates will have an impact on consolidated earnings, although the extent of that impact will depend on the level of cash resources held by the Group.

a. Interest rates

A general change of one percentage point in interest rates would be expected to have the following impact on earnings.	Profit $'000	Equity $'000
Year ended 31 December 2023		
±50 basis points change in interest rate	± 213	± 213
Year ended 31 December 2022		
±50 basis points change in interest rates	± 140	± 140

b. Foreign exchange

A general change of 20 percent exchange rates would be expected to have the following impact on earnings:

i. *AUD to USD*	Profit $'000	Equity $'000
Year ended 31 December 2023		
±20 per cent change in AUD to USD rate	± 3,623	± 3,623
Year ended 31 December 2022		
±20 per cent change in AUD to USD rate	± 4,047	± 4,047

ii. *AUD to RMB*	Profit $'000	Equity $'000
Year ended 31 December 2023		
±20 per cent change in AUD to RMB rate	± 3,737	± 3,737
Year ended 31 December 2022		
±20 per cent change in AUD to RMB rate	± 420	± 420

iii. *AUD to EUR*	Profit $'000	Equity $'000
Year ended 31 December 2023		
±20 per cent change in AUD to EUR rate	± (557)	± (557)
Year ended 31 December 2022		
±20 per cent change in AUD to EUR rate	± (353)	± (353)

8.2.5 *Net Fair Values*

a. Fair value estimation

The fair values of financial assets and financial liabilities are presented in the table in note 8.1 and can be compared to their carrying values as presented in the statement of financial position. Fair values are those amounts at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Financial instruments whose carrying value is equivalent to fair value due to their nature include:

- Cash and cash equivalents;
- Trade and other receivables;
- Trade and other payables; and
- Lease liabilities.

The methods and assumptions used in determining the fair values of financial instruments are disclosed in the accounting policy notes specific to the asset or liability.

Notes to the consolidated financial statements

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Note 9 Capital Management

9.1 Capital

The Group manages its capital to ensure its ability to continue as a going concern and to achieve returns to the shareholders and benefits for other stakeholders through the optimisation of debt and equity balance. The capital structure of the Group is adjusted to achieve its goals whilst ensuring the lowest cost of the capital.

Capital is defined as the combination of contributed equity, reserves and net debt (borrowings less cash). The capital structure of the Group can be changed by paying distributions to shareholders, returning capital to shareholders, issuing new shares or selling assets.

Management monitors capital on the basis of the gearing ratio (debt/total capital). During the year ended 31 December 2023, the Group's strategy is to utilise lowest cost of the capital from the capital markets and continuously negotiating lower interest cost with provider of its operating facility to achieve its expansion program.

9.1.1 *Gearing ratio*

	2023 $'000	2022 $'000
Total borrowings	5,300	275
Total equity	79,497	58,536
Total capital	84,797	58,811
Gearing ratio	6.25%	0.47%

9.1.2 *Working capital*

The working capital position of the Group was as follows:	Note	2023 $'000	2022 $'000
Cash and cash equivalents	5.1	42,524	28,026
Trade and other receivables	5.2.1	9,220	17,470
Inventories	6.1	16,145	13,508
Other current assets	5.3.1	5,047	9,923
Trade and other payables	5.4.1	(11,520)	(21,701)
Borrowings	5.5.1	(4,120)	-
Current tax liabilities	4.5	-	(474)
Leases	6.3.2	(257)	(110)
Working capital position		57,039	46,642

Notes to the consolidated financial statements
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SECTION C. GROUP STRUCTURE

This section provides information which will help users understand how the Group structure affects the financial position and performance of the Group as a whole. In particular, there is information about:

(a) changes to the structure that occurred during the year as a result of business combinations and the disposal of a discontinued operation.

(b) transactions with non-controlling interests, and

(c) interests in joint operations.

A list of significant subsidiaries is provided in note 11 below.

Note 10 Parent entity disclosures

The Vmoto Ltd is the ultimate Australian parent entity and ultimate parent of the Group.

The Vmoto Ltd did not enter into any trading transactions with any related party during the year.

10.1 Financial Position of Vmoto Ltd

	2023 $'000	2022 $'000
Current assets	4,369	1,711
Non-current assets	39,927	26,723
Total assets	44,296	28,434
Current liabilities	483	148
Non-current liabilities	-	-
Total liabilities	483	148
Net assets	43,813	28,286
Equity		
Issued capital	109,841	91,908
Share-based payment reserve	783	1,852
Accumulated losses	(66,811)	(65,474)
Total equity	43,813	28,286

10.2 Financial performance of Vmoto Ltd

	2023 $'000	2022 $'000
Profit or (loss) for the year	(1,337)	(273)
Other comprehensive income	-	-
Total comprehensive income	(1,337)	(273)

10.3 Contractual commitments

The parent company has no capital commitments at 2023 (2022: $nil). The Group's commitments are disclosed in note 14 *Commitments.*

10.4 Contingent liabilities and guarantees

There are no guarantees entered into by Vmoto Ltd for the debts of its subsidiaries as at 2023 (2022: none). The Group's contingencies are disclosed in note 15 *Contingent liabilities*.

Notes to the consolidated financial statements

for the year ended 31 December 2023

Note 11 Interests in subsidiaries

11.1 Information about principal subsidiaries

The subsidiaries listed below have share capital consisting solely of ordinary shares which are held directly by the Group and the proportion of ownership interest held equals the voting rights held by the Group. Investments in subsidiaries are accounted for at cost. Each subsidiaries' country of incorporation is also its principal place of business, with the exception of Vmoto International Ltd and Vmoto International Pte Ltd are managed from China and export globally:

	Country of Incorporation	2023 %	2022 %
Vmoto Australia Pty Ltd	Australia	100	100
Vmoto International Limited *formerly Vmoto Soco International Limited*	Hong Kong	100	100
Nanjing Vmoto Co, Ltd	China	100	100
Nanjing Vmoto Manufacturing Co, Ltd	China	100	100
Nanjing Vmoto Intelligent Technology Co, Ltd	China	100	100
Hainan Vmoto Intelligent Technology Investments Co, Ltd	China	100	100
Vmoto International Pte Ltd *formerly Vmoto Soco International Pte Ltd*	Singapore	100	100
Vmoto Europe HQ srl *(incorporated November 2023)*	Italy	100	-
Vmoto Europe B.V.	Netherlands	100	100
Vmoto Soco Italy srl	Italy	50	50
Vmoto Soco UK Ltd *(incorporated February 2023)*	United Kingdom	100	-
Vmoto Soco Frances s.a.s. *(incorporated April 2023)*	France	100	-

Note 12 Investment accounted for using the equity method

		2023 $'000	2022 $'000
12.1 Non-Current			
Vmoto Soco Manufacturing	12.3.3	5,079	5,685
Other investments accounted for using the equity method		530	216
		5,609	5,901

12.2 Information about associates

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.

	Country of Incorporation	Percentage Owned	
		2023	2022
Vmoto Soco Manufacturing	China	50	50

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for the year ended 31 December 2023

Note 12 Investment accounted for using the equity method (cont.)

12.3 Summarised financial information

Summarised financial information of the Group's share in Vmoto Soco Manufacturing is as follows:

12.3.1 *Summarised financial position*	2023 $'000	2022 $'000
Current assets	18,161	33,885
Current liabilities	(15,278)	(29,959)
Current net assets	2,883	3,926
Non-current assets	7,276	7,444
Non-current liabilities	-	-
Non-current net assets	7,276	7,444
Net assets	10,159	11,370

12.3.2 *Summarised financial performance*	2023 $'000	2022 $'000
Revenue and other income	33,672	66,182
Cost of sales	(30,148)	(63,125)
Administrative expenses	(4,435)	(5,703)
Income tax benefit / (expense)	-	-
Total comprehensive loss	(911)	(2,646)
Group's share of associate's loss after tax	(456)	(1,323)
Group's share of associate's other comprehensive income	-	-

12.3.3 *Reconciliation to carrying amounts:*		2022 $'000	2022 $'000
Opening net assets at fair value		5,685	7,133
Share of loss for year	12.3.2	(456)	(1,323)
Movements due to foreign exchange		(150)	(125)
Closing net assets (carrying amount of investment)		5,079	5,685

Note 13 Significant Accounting Policies related to Group Structure

13.1 Basis of consolidation

As at reporting date, the assets and liabilities of all controlled entities have been incorporated into the consolidated financial statements as well as their results for the year then ended. Where controlled entities have entered (left) the Consolidated Group during the year, their operating results have been included (excluded) from the date control was obtained (ceased).

13.1.1 *Business combinations*

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred. At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with AASB 112 *Income Taxes* and AASB 119 *Employee Benefits* respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with AASB 2 *Share-Based Payments* at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with AASB 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

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for the year ended 31 December 2023

Note 13 Significant Accounting Policies related to Group Structure

a. Goodwill

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

When the consideration transferred by the Group in a business combination includes contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the measurement period (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Other contingent consideration is remeasured to fair value at subsequent reporting dates with changes in fair value recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in OCI are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

b. Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are recognised initially at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and impairment losses, on the same basis as intangible assets that are acquired separately.

c. Contingent liabilities acquired in a business combination

Contingent liabilities acquired in a business combination are initially measured at fair value at the acquisition date. At the end of subsequent reporting periods, such contingent liabilities are measured at the higher of the amount that would be recognised in accordance with AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* and the amount recognised initially less cumulative amount of income recognised in accordance with the principles of AASB 15 *Revenue from Contracts with Customers*.

13.1.2 *Subsidiaries*

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with policies adopted by the Group.

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as non-controlling interests. The Group initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary's net assets on liquidation at either fair value or at the non-controlling interests' proportionate share of the subsidiary's net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income. Non-controlling interests are shown separately within the equity section of the statement of financial position and statement of comprehensive income.

The grant by the Company of options over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution to that subsidiary undertaking. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity.

Notes to the consolidated financial statements

for the year ended 31 December 2023

Note 13 Significant Accounting Policies related to Group Structure

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

A list of controlled entities is contained in note 11 *Interests in subsidiaries* of the financial statements.

13.1.3 *Loss of control*

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interests are measured at fair value at the date control is lost. Subsequently it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

13.1.4 *Transactions eliminated on consolidation*

All intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

13.1.5 *Associates*

Associates are all entities over which the group has significant influence but not control or joint control. This is generally the case where the group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost.

a. Joint arrangements

Under AASB 11 Joint Arrangements investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. A joint venture is an arrangement that the Group controls jointly with one or more other investors, and over which the Group has rights to a share of the arrangement's net assets rather than direct rights to underlying assets and obligations for underlying liabilities. A joint arrangement in which the Group has direct rights to underlying assets and obligations for underlying liabilities is classified as a joint operation.

b. Joint operations

For joint operations, Vmoto recognises its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses.

c. Joint ventures

Interests in joint ventures are accounted for using the equity method, after initially being recognised at cost in the consolidated statement of financial position.

13.1.6 *Equity method*

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

Where the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying value of equity-accounted investments is tested for impairment in accordance with the policy described in 6.5.1.

Notes to the consolidated financial statements
for the year ended 31 December 2023

SECTION D. UNRECOGNISED ITEMS

This section of the notes provides information about items that are not recognised in the financial statements as they do not (yet) satisfy the recognition criteria. In addition to the items and transactions disclosed below, there are also unrecognised tax amounts.

Note 14 Commitments	2023 $'000	2022 $'000
14.1 Capital commitments payable:		
Within one year	10,234	-
After one year but not more than five years	702	-
After five years	-	-
Total expenditure requirements	10,936	-

As 31 December 2023, the Group is currently building new manufacturing facilities is committed for A$10.94 million.

The commitments of Vmoto Limited above are the same as those for the Group.

Note 15 Contingent liabilities

There are no contingent liabilities as at 31 December 2023 (31 December 2022: Nil).

Note 16 Events subsequent to reporting date

16.1 Acquisition of remaining 50% of Vmoto Soco Italy srl

On 14 March 2024, the Company announced that it had entered into an agreement with Giovanni Castiglioni (**Castiglioni**) and Graziano Milone (**Milone**), to acquire the remaining 50% interest in the issued capital of Vmoto Soco Italy srl (**VSI**), taking Vmoto's interest up to 100%. Completion is expected on or about 15 April 2024.

The key strategic objectives and rationale for the acquisition of remaining interest in VSI are:

- Maximising the value of the Group's Italian operations by facilitating increased investment into financial and inventory support to the Group's Italian dealers to meet increasing local demands;
- Streamlining the supply and distribution processes to increase efficiency in delivering the products to a growing dealer and sales network;
- Cost synergies and savings through reduction of logistics costs, inventory holding costs, parts sourcing, and reduction in other operating costs; and
- Release Messrs Milone and Castiglioni's from VSI operations to enable them focus on creating strategic business development and opportunities, and to increase value for Group.

The key terms of the acquisition agreement are as follows:

- Vmoto to acquire Messrs Milone and Castiglioni's 25% interest (each) by issuing 2,777,778 VMT shares equivalent to EUR 250,000 (≈A$416,667) to each shareholder or their nominee;
- Upon signing of the agreement, the put and call option agreement previously signed with Castiglioni and Milone is formally terminated;
- Vmoto to issue 2,777,778 VMT shares equivalent to EUR 250,000 (≈A$416,667) to each of Castiglioni and Milone for managing the day-to-day operations of VSI from the commencement of VSI until the date of the agreement (in lieu of cash salary since the commencement of VSI); and
- Upon completion of the acquisition, VSI will appoint an independent Country Manager for Italy to focus on managing the day-to-day operations of VSI.

16.2 Incorporation of Thai subsidiary

Subsequent to balance date the Group incorporated Vmoto (Thailand) Co, Ltd.

16.3 Lapse of rights

On 15 January 2023, 1,870,172 rights (2021) lapsed due the performance conditions not being satisfied.

16.4 Issue of shares

On 22 March 2024, the Company issued 8,856,610 shares to employees in recognition of their efforts and contribution to the Company and 861,111 shares issued to consultants in lieu of cash payment for salaries.

There has been no other matter or circumstance that has arisen after balance date that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial periods.

Notes to the consolidated financial statements

for the year ended 31 December 2023

SECTION E. OTHER INFORMATION

This section of the notes includes other information that must be disclosed to comply with the accounting standards and other pronouncements, but that is not immediately related to individual line items in the financial statements.

Note 17 Key Management Personnel compensation (KMP)

The names and positions of KMP are as follows:

- Charles Chen — *Managing Director*
- Ivan Teo — *Finance Director*
- Blair Sergeant — *Non-executive Director*
- Shannon Coates — *Non-executive Director*
- Martin Zhou — *Non-executive Director*
- *Other KMP:*
  - Adam Cui — *Sales Manager*
  - Yaze Liu — *Research & Development Manager*
  - Clive Mann — *Country Manager UK*
  - Graziano Milone — *Chief Marketing Officer & President of Strategic Business Development*
  - Gaetan Orselli — *Country Manager France*
- *Former KMP included in comparative information:*
  - Kaijian Chen — *Non-executive Director (Resigned 16 September 2022)*
  - Jeffrey Wu — *Sales Manager (Resigned 31 March 2022)*
  - Maik *Spaan* — *Not deemed KMP as at 1 January 2023*

Information regarding individual Directors and executives' compensation and some equity instruments disclosures as required by the Corporations Regulations 2M.3.03 is provided in the *Remuneration report* table on page 20.

	2023 $	2022 $
Short-term employee benefits	1,544,545	1,379,225
Post-employment benefits	5,205	7,244
Equity-settled share-based payments	850,511	1,353,804
Other long-term benefits	-	-
Termination benefits	-	-
Total	2,400,261	2,740,273

Note 18 Related party transactions

Other than disclosed below and in note 17 *Key Management Personnel compensation (KMP)* there have been no other related party transactions.

Related party	Relationship to Vmoto	Nature of transactions	Receivable/(payable) balance 2023 $	 2022 $
Charles Chen	Managing Director	Unpaid remuneration or fees	(93,148)	(27,500)
Ivan Teo	Finance Director	Unpaid remuneration or fees	(77,131)	(25,625)
Martin Zhou	Non-executive Director	Unpaid remuneration or fees	(40,000)	(17,500)
Graziano Milone	Member of KMP	Unpaid remuneration or fees	(98,553)	-

Note 19 Auditor's remuneration

	2023 $	2022 $
Remuneration of the auditor for:		
Auditing or reviewing the financial reports:		
Hall Chadwick WA Audit Pty Ltd	116,500	87,000
Non-audit services provided by a related practice of the Auditor	-	-
	116,500	87,000

Notes to the consolidated financial statements
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Note 20 Earnings per share (EPS)	Note	2023 $'000	2022 $'000
20.1 Reconciliation of earnings to profit or loss			
Profit for the year		7,258	10,218
Less: profit / (loss) attributable to non-controlling equity interest		10	(51)
Profit used in the calculation of basic and diluted EPS		7,248	10,269

	Note	2023 No.	2022 No.
20.2 Weighted average number of ordinary shares outstanding during the year used in calculation of basic EPS		289,345,717	281,821,233
Weighted average number of dilutive equity instruments outstanding	20.5	24,044,444	17,272,465
20.3 Weighted average number of ordinary shares outstanding during the year used in calculation of diluted EPS		313,390,161	299,093,698

20.4 Earnings per share	Note	2023 ¢	2022 ¢
Basic EPS (cents per share)	20.5	2.50	3.64
Diluted EPS (cents per share)	20.5	2.31	3.43

20.5 As at 31 December 2023, the Group has 23,100,000 unissued shares under options (31 December 2022: 24,100,000) and 6,768,402 performance rights on issues (31 December 2022: 7,932,147) and considered to be dilutive.

Note 21 Share-based payments	Note	2023 $	2022 $
21.1 Share-based payments:			
Recognised in profit and loss:			
▼ Share-based payment expense – Shares	21.2.1a,b	818,710	473,542
▼ Share-based payment expense – Options		-	99,000
▼ Share-based payment expense – Performance rights	21.2.2c	389,514	1,085,175
Gross share-based payments		1,208,224	1,657,717

21.2 Share-based payment arrangements in effect during the period

21.2.1 *Shares*

a. The Company has issued the following shares during the current reporting period.

Date	Recipient(s)	Purpose of issue	Shares No.	Issue price ¢	Total expense $	Total vested in year $
22.02.2023	Employees and KMP	Issued at nil consideration to employees of the Company in recognition of their efforts and contribution to the Company. The shares vest over a three-year period.	1,950,000	33.00	643,500	178,750
22.02.2023	Graziano Milone (KMP member)	Shares issued to a Key Management Person as part of their employment agreement	288,139	33.00	95,086	95,086
23.03.2023	Kaijian Chen (former director)	Issued to former director who in lieu of historic Director fees.	42,857	35.00	15,000	15,000
1.06.2023	Martin Zhou (Director)	Shares issued in lieu of Director's fees as approved by Shareholders on 30 May 2023.	107,142	27.50	29,464	29,464
1.06.2023	Charles Chen (Director)	Shares issued as a portion of Managing Director and Finance Director remuneration as approved by Shareholders on 30 May 2023.	150,549	27.50	41,401	41,401
	Ivan Teo (Director)		140,285	27.50	38,578	38,578
			2,678,972		863,029	398,279

Notes to the consolidated financial statements
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Note 21 Share-based payments (cont.)

b. The Company recognised the value of the following shares, previously issued, that vested during the reporting period.

Tranche	Recipient(s)	Purpose of issue	Total vested in year $
2019/2020	Employees and KMP	Issued at nil consideration to employees of the Company in recognition of their efforts and contribution to the Company. The shares vest over a three-year period.	28,698
2020/2021	Employees and KMP	Issued at nil consideration to employees of the Company in recognition of their efforts and contribution to the Company. The shares vest over a three-year period.	168,133
2021/2022	Employees and KMP	Issued at nil consideration to employees of the Company in recognition of their efforts and contribution to the Company. The shares vest over a three-year period.	223,600
			420,431

21.2.2 *Service and performance rights*

a. The Company has the following service and performance rights issued to directors in existence during the current reporting period.

Class of Performance Right	Grant date	Expiry date	Number of rights	Vested during the year	Rights exercised	Rights expired	Rights vested at 31 December 2023	Rights unvested at 31 December 2023
2020 performance	16.12.2020	31.12.2022	4,037,117	4,037,117	-	-	4,037,117	-
2021 performance	13.05.2021	31.12.2023	1,870,172	-	-	-	-	1,870,172
2022 performance	13.05.2022	31.12.2024	2,024,858	-	-	-	-	2,024,858
2023 performance	30.05.2023	31.12.2025	2,873,372	-	-	-	-	2,873,372

b. Vesting of the service rights issued in the period is subject to continuing employment, with no other performance conditions. The performance rights vest subject to:

- continuing employment,
- minimum performance hurdle of a minimum share price compound annual growth rate (CAGR) increases of 5% over the performance period,
- no performance rights will vest if CAGR is less than 5% over the respective period,
- 50% of the performance rights will vest if CAGR of 10% is achieved, up to maximum of 100% of the performance rights will vest if CAGR of 15% is achieved and pro rata of the performance rights will vest if CAGR is >5% &<10% and >10%&<15%.

c. Valuation of the performance rights was undertaken using Monte Carlo valuation methodology with the following factors and assumptions being used in determining the fair value of each right on the grant date.

Class of Performance Right	Grant date	Period years	Share price at grant date $	Risk free rate %	Volatility %	Valuation per right $
2021 performance	13.05.2021	3	0.425	0.080	70	0.1938
2022 performance	13.05.2022	3	0.375	2.825	70	0.2246
2023 performance	30.05.2023	3	0.275	3.368	65	0.1223

Class of Performance Right	Grant date	Expiry date	Total valuation $	Expense recorded to 31 December 2023 $	Expense recorded to 31 December 2022 $
2020 service	16.12.2020	18.12.2022	306,000	-	146,625
2020 performance	16.12.2020	31.12.2022	1,360,105	-	666,174
2021 performance	13.05.2021	31.12.2023	362,347	120,782	120,782
2022 performance	13.05.2022	31.12.2024	454,783	151,594	151,594
2023 performance	30.05.2023	31.12.2025	351,413	117,138	-
				389,514	1,085,175

Notes to the consolidated financial statements

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Note 21 Share-based payments (cont.)

21.3 Movement in Company options share-based payment arrangements during the period

21.3.1 ***A summary of the movements of all Company options issued as share-based payments is as follows:***

	2023		2022	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding at the beginning of the year	1,000,000	$0.55	-	-
Granted	-	-	1,000,000	$0.55
Exercised	-	-	-	-
Expired or lapsed	(1,000,000)	$0.55	-	-
Outstanding at year-end	-	-	1,000,000	$0.55
Exercisable at year-end	-	-	1,000,000	$0.55

21.3.2 ***Share options outstanding at the end of the year have the following expiry dates and exercise prices:***

Grant date	Expiry date	Exercise Price $	2023 No.	2022 No.	
11.04.2022	11.04.2026	0.45	6,600,000	6,600,000	*See note 21.3.2a*
11.04.2022	11.04.2027	0.55	7,700,000	7,700,000	*See note 21.3.2a*
11.04.2022	11.04.2027	0.65	8,800,000	8,800,000	*See note 21.3.2a*
19.05.2022	20.06.2025	0.55	-	1,000,000	*See note 21.3.2b*
			23,100,000	24,100,000	
Weighted average remaining contractual life of options outstanding at end of period (years)			3.38	4.30	

a. 23.1 million options with issued to Messrs Castiglioni and Milone as free attaching in respect to their subscription of for 1.5 million Vmoto Shares respectively, at an issue $0.353 per share per share. If exercised in full, these options will inject a further $12.9 million in cash into the Company. These were not deemed to be a share-based payment and form part of the shares issued pursuant to note 7.1.1b.

b. 1 million options were to an advisor for investor relation services provided. Vesting conditions were not met and the options were forfeited the current period.

21.4 Accounting policy

The Group has provided payment to service providers and related parties in the form of share-based compensation whereby services are rendered in exchange for shares or rights over shares, *equity-settled transactions*. The cost of these equity-settled transactions is measured by reference to the fair value at the date at which they are granted. The fair value is determined using an appropriate valuation model for services provided by employees or where the fair value of the goods or services received cannot be reliably estimated.

For goods and services received where the fair value can be determined reliably the goods and services and the corresponding increase in equity are measured at that fair value. The fair value of the options granted is adjusted to reflect market vesting conditions, but excludes the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable.

At each balance date, the entity revises its estimates of the number of options with non-market vesting conditions that are expected to become exercisable. The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant parties become fully entitled to the award, vesting date.

Notes to the consolidated financial statements

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Note 21 Share-based payments (cont.)

21.4 Accounting policy

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of awards that, in the opinion of the Directors of the Group, will ultimately vest. This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification.

21.5 Key estimate

a. Share-based payments

The Group measures the cost of equity-settled transactions by reference to the fair value of the equity instrument at the date at which they are granted. The fair value of rights and options granted is measured using the Binomial and Monte Carlo pricing models where appropriate. The models use assumptions and estimates as inputs. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in note 21.2.2c.

Note 22 Operating segments

22.1 Identification of reportable segments

The Group has identified its operating segments based on the internal reports that are provided to the Board of Directors (**the Board**) monthly and in determining the allocation of resources.

22.2 Types of services

The continuing operations of the Group are predominantly in the electric two-wheel vehicles manufacture and distribution industry. The principal activity of the Group is the design, manufacture, marketing, and distribution of electric two-wheel vehicles.

22.3 Reported segments

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 the Netherlands and Italy.

22.4 Basis of accounting for purposes of reporting by operating segments

22.4.1 *Accounting policies adopted*

Unless stated otherwise, all amounts reported to the Board, being the chief decision maker with respect to operating segments, are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

22.4.2 *Inter-segment transactions*

All such transactions are eliminated on consolidation of the Group's financial statements. Inter-segment loans payable and receivable are initially recognised at the consideration received/to be received net of transaction costs. If inter-segment loans receivable and payable are not on commercial terms, these are not adjusted to fair value based on market interest rates. This policy represents a departure from that applied to the statutory financial statements.

22.4.3 *Segment assets and liabilities*

Where an asset is used across multiple segments, the asset is allocated to that segment that receives majority economic value from that asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location.

Liabilities are allocated to segments where there is a direct nexus between the incurrence of the liability and the operations of the segment. Borrowings and tax liabilities are generally considered to relate to the Group as a whole and are not allocated. Segment liabilities include trade and other payables and certain direct borrowings.

Notes to the consolidated financial statements
for the year ended 31 December 2023

Note 22 Operating segments (cont.)

22.4.4 *Unallocated items*

The following items of revenue, expenses, assets, and liabilities are not allocated to operating segments as they are not considered part of the core operations of any segment:

- Head office and corporate costs;
- Net gains on disposal of available-for-sale investments;
- Impairment of assets and other non-recurring items of revenue and expense;
- Income tax expense;
- Current and deferred tax assets and liabilities;
- Other financial assets;
- Intangibles assets; and
- Discontinued operations.

22.5 Segment Financial Performance

	Continuing operations					
	Australia $'000	China $'000	Europe $'000	Singapore $'000	Intersegment eliminations $'000	Total operations $'000
Year ended 31 December 2023						
Revenue						
Sales to external customers	-	56,273	12,195	1,062	(282)	69,248
Results						
Profit or loss after income tax	(1,336)	10,852	(2,462)	204	-	7,258
Year ended 31 December 2022						
Revenue						
Sales to external customers	6	107,736	8011	920	-	116,673
Results						
Profit or loss after income tax	(276)	10,545	(219)	168	-	10,218

22.6 Segment Financial Position

	Continuing operations					
	Australia $'000	China $'000	Europe $'000	Singapore $'000	Intersegment eliminations $'000	Total operations $'000
As at 31 December 2023						
Assets						
Segment assets	4,905	126,131	13,555	752	(49,026)	96,317
Liabilities						
Segment liabilities	483	58,339	5,907	1,117	(49,026)	16,820
As at 31 December 2022						
Assets						
Segment assets	1,934	106,590	7,154	624	(35,316)	80,986
Liabilities						
Segment liabilities	148	52,744	4,836	38	(35,316)	22,450

22.7 Major customers

The Group has generated revenue from sales to its largest customer at approximately $6.6 million (2022: $19.9 million). No other single customers contributed 15% or more of the Group's revenue for the year.

Notes to the consolidated financial statements
for the year ended 31 December 2023

Note 23 Statement of significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements to the extent they have not already been disclosed in the other notes above. These policies have been consistently applied to all the periods presented, unless otherwise stated.

23.1 Basis of preparation

23.1.1 *Reporting Entity*

Vmoto Limited (**Vmoto** or the **Company**) is a listed public company limited by shares, domiciled and incorporated in Australia. These are the consolidated financial statements and notes of Vmoto and controlled entities (collectively the **Group**). The financial statements comprise the consolidated financial statements of the Group. For the purposes of preparing the consolidated financial statements, the Company is a for-profit entity. The Group is a for-profit entity and is designer, manufacturer, and distributor of high quality electric two-wheel vehicles and related EV business solutions.

The separate financial statements of Vmoto, as the parent entity, have not been presented with this financial report as permitted by the *Corporations Act 2001* (Cth).

23.1.2 *Basis of accounting*

These financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board (**AAS Board**) and International Financial Reporting Standards (**IFRS**) as issued by the International Accounting Standards Board (**IASB**), and the *Corporations Act 2001* (Cth).

Australian Accounting Standards (**AASBs**) set out accounting policies that the AAS Board has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with AASBs ensures that the financial statements and notes also comply with IFRS as issued by the IASB.

The financial statements were authorised for issue on 27 March 2024 by the Board of Directors of the Company.

23.1.3 *Going Concern*

The financial report has been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The Group generated a profit for the year of $7.26 million (31 December 2022: $10.22 million profit) and a net cash in-flow from operating activities of $3.87 million (31 December 2022: $9.51 million in-flow). As at 31 December 2023, the Company had working capital of $57.04 million (31 December 2023: $46.64 working capital).

At the date of this report, and having considered the above factors, the Directors are confident that the Group and the Company will be able to continue operations into the foreseeable future.

23.1.4 *Comparative figures*

Where required by AASBs comparative figures have been adjusted to conform to changes in presentation for the current year.

Where the Group retrospectively applies an accounting policy, makes a retrospective restatement or reclassifies items in its financial statements, an additional (third) statement of financial position as at the beginning of the preceding period in addition to the minimum comparative financial statements is presented.

23.1.5 *New and Amended Standards Adopted by the Group*

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2023:

- AASB 17 *Insurance Contracts.*
- AASB 2023-2 *Amendments to Australian Accounting Standards – Definition of Accounting Estimates International Tax Reform – Pillar Two Model Rules [AASB 112].*
- AASB 2021-5 *Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction [AASB 112].*
- AASB 2021-2 *Amendments to Australian Accounting Standards – Disclosure of Accounting Policies Definition of Accounting Estimates [AASB 7, AASB 101, AASB 108, AASB 134 & AASB Practice Statement 2].*

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

Notes to the consolidated financial statements

for the year ended 31 December 2023

Note 23 Statement of significant accounting policies

23.2 Valued added taxes

Value-added tax (**VAT**) is the generic term for the broad-based consumption taxes that the Group is exposed to such as: Australia (Goods and Services Tax or **GST**); the United Kingdom and Europe (VAT); and in China (VAT).

VAT broad-based consumption taxes that the Group is exposed to.

Revenues, expenses, and assets are recognised net of the amount of VAT, except where the amount of VAT incurred is not recoverable from the taxation authority. In these circumstances the VAT is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of VAT.

The net amount of VAT recoverable from, or payable to, the local jurisdictional Taxation Office is included as a current asset or liability in the balance sheet.

Cash flows are presented in the statement of cash flows on a gross basis, except for the VAT component of investing and financing activities, which are disclosed as operating cash flows.

Commitments and contingencies are disclosed net of the amount of VAT recoverable from, or payable to, the taxation authority.

VAT is subject to local jurisdictional regulation which includes specific rates of VAT.

23.3 Foreign currency transactions and balances

23.3.1 *Functional and presentation currency*

The consolidated financial statements of the Group are presented in Australian dollars, which is different from its functional currency, determined to be Renminbi. A different presentation currency has been adopted as the Board of Directors believe that financial statements presented in Australian dollar (which is the functional currency of parent company) are more useful to the users and shareholders of the Company who are predominantly in Australia.

23.3.2 *Foreign currency translation*

Transactions in foreign currencies are initially recorded in the functional currency at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date.

All differences in the consolidated financial report are taken to the *Statement of Profit or Loss* with the exception of differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity. These are taken directly to equity until the disposal of the net investment, at which time they are recognised in the *Statement of Profit or Loss*.

Tax charges and credits attributable to exchange differences on those borrowings are also recognised in equity.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

As at the reporting date the assets and liabilities of these overseas subsidiaries are translated into the presentation currency of Vmoto at the rate of exchange ruling at the reporting date and the income statements are translated at the weighted average exchange rates for the period where this rate approximates the rate at the date of the transaction.

The exchange differences arising on the retranslation are taken directly to a separate component of equity.

On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the *Statement of Profit or Loss*.

23.4 Use of estimates and judgments

The preparation of consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. These estimates and associated assumptions are based on historical experience and various factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Judgements made by management in the application of AASBs that have significant effect on the consolidated financial statements and estimates with a significant risk of material adjustment in the next year are discussed in Note 23.4.1.

Notes to the consolidated financial statements

for the year ended 31 December 2023

Note 23 Statement of significant accounting policies

23.4.1 *Critical Accounting Estimates and Judgments*

Management discusses with the Board the development, selection and disclosure of the Group's critical accounting policies and estimates and the application of these policies and estimates. The estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

a. *Key estimate – Taxation*... Refer note 4.8 *Income tax*.

b. *Key judgement and keys estimate – Impairment of intangibles* .... Refer note 6.4 *Intangible assets*.

c. *Key estimate – Share-base payments* .... Refer note 21 *Share-based payments*.

23.5 Fair Value

23.5.1 *Fair Value of Assets and Liabilities*

The Group measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable AASB.

Fair value is the price the Group would receive to sell an asset or would have to pay to transfer a liability in an orderly unforced transaction between independent, knowledgeable, and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also considers a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

23.5.2 *Fair value hierarchy*

AASB 13 *Fair Value Measurement* requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1	Level 2	Level 3
Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.	Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.	Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

The Group would change the categorisation within the fair value hierarchy only in the following circumstances:

- if a market that was previously considered active (Level 1) became inactive (Level 2 or Level 3) or vice versa; or
- if significant inputs that were previously unobservable (Level 3) became observable (Level 2) or vice versa.

When a change in the categorisation occurs, the Group recognises transfers between levels of the fair value hierarchy (i.e., transfers into and out of each level of the fair value hierarchy) on the date the event or change in circumstances occurred.

Notes to the consolidated financial statements
for the year ended 31 December 2023

Note 23 Statement of significant accounting policies

23.5.3 *Valuation techniques*

The Group selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Group are consistent with one or more of the following valuation approaches:

- Market approach: valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.
- Income approach: valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.
- Cost approach: valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Group gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

23.6 New Accounting Standards and Interpretations not yet mandatory or early adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2023 reporting periods and have not been early adopted by the Group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

Directors' declaration

The Directors of the Company declare that in the Directors' opinion:

1. The attached financial statements and notes, as set out on pages 26 to 70, are in accordance with the *Corporations Act 2001* (Cth) including:

    (a) complying with Accounting Standards, the Corporations Regulations 2001, and other mandatory professional reporting requirements; and

    (b) giving a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the financial year ended on that date

2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Note 23.1.2 confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the *Corporations Act 2001* (Cth);

This declaration is signed in accordance with a resolution of the Directors made pursuant to section 295(5) of the *Corporations Act 2001* (Cth).

On behalf of the Directors

CHARLES CHEN
Managing Director
Dated this Wednesday, 27 March 2024

HALL CHADWICK

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF VMOTO LIMITED

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Vmoto Limited ("the Company") and its subsidiaries ("the Consolidated Entity"), which comprises the consolidated statement of financial position as at 31 December 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion:

a. the accompanying financial report of the Consolidated Entity is in accordance with the Corporations Act 2001, including:

   (i) giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2023 and of its financial performance for the year then ended; and

   (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 23.1.2.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Consolidated Entity in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

HALL CHADWICK

<table>
<tr><th>Key Audit Matter</th><th>How our audit addressed the Key Audit Matter</th></tr>
<tr><td>Existence and Valuation of Inventory</td><td></td></tr>
<tr><td>The Consolidated Entity had an inventory balance of $16.4 million at year end.

Existence and valuation of inventory were considered key audit matters due to:

• The quantum and increase of inventory on hand
• The location of the inventory
• Risk of stock obsolescence from changing technology

The importance of inventory in relation to generating positive operating cash flows.</td><td>Our procedures amongst others included:

• Attending stock takes conducted by affiliated firms at year end and performing sample counts;
• During stock take visits we observed to consider damaged or obsolete stock on hand;
• Reviewing gross margins on sales during the year on a monthly basis;
• For a sample of items we tested unit costs of inventory items and related sales to supporting documentation to assess whether the inventory is held at the lower of cost and net realisable value
• Reviewing margins and inventory turnover via analytical procedures; and
• Assessing the adequacy of the disclosures included in Note 6.1 to the financial statements</td></tr>
<tr><td>Revenue Recognition</td><td></td></tr>
<tr><td>During the year ended 31 December 2023, the Consolidated Entity generated sales revenue of $69.3 million (2022: $116.6 million).

The accounting principles and disclosures concerning revenues are disclosed in Note 1.2.

Revenue recognition is considered as a key audit matter because revenues are a key financial performance measure which could create an incentive for revenues to be recognised prematurely. Relevant areas from the revenue recognition perspective are accuracy of the recognised amounts and timing of revenue recognition.</td><td>Our audit procedures included, among others, inquiries with management regarding significant new contracts and relevant changes in existing contracts.

In addition to the above our procedures amongst others included:

• Walkthroughs being performed to gain an understanding of processes and internal controls, including management reviews, with respect to revenue recognition.
• Analytical procedures over revenue throughout the financial year to identify potential abnormalities.
• On a sample basis an analysis of current sales contracts and evaluation of appropriateness of recognised revenue and its timing.
• A specific emphasis was set on verifying that revenue transactions at the end of the financial year and at the beginning of the new financial year have been recognised in the proper accounting period.
• Furthermore, we assessed the Consolidated Entity's disclosures relating to revenue recognition.</td></tr>
</table>

HALL CHADWICK

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Consolidated Entity's annual report for the year ended 31 December 2023, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 23.1.2, the directors also state in accordance with Australian Accounting Standard *AASB 101 Presentation of Financial Statements*, that the financial report complies with International Financial Reporting Standards.

In preparing the financial report, the directors are responsible for assessing the Consolidated Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Consolidated Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

HALL CHADWICK

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Consolidated Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Consolidated Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Consolidated Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Consolidated Entity to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Consolidated Entity audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 31 December 2023. The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with s 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

HALL CHADWICK

Auditor's Opinion

In our opinion, the Remuneration Report of Vmoto Limited, for the year ended 31 December 2023, complies with section 300A of the Corporations Act 2001.

Hall Chadwick
HALL CHADWICK WA AUDIT PTY LTD

Mark Delaurentis
MARK DELAURENTIS CA
Director

Dated this 27th day of March 2024
Perth, Western Australia

Corporate governance statement

The Board is responsible for establishing the Company's corporate governance framework. In establishing its corporate governance framework, the Board has referred to the 4th edition of the ASX Corporate Governance Councils' Corporate Governance Principles and Recommendations.

The Corporate Governance Statement discloses the extent to which the Company follows the recommendations. The Company will follow each recommendation where the Board has considered the recommendation to be an appropriate benchmark for its corporate governance practices. Where the Company's corporate governance practices will follow a recommendation, the Board has made appropriate statements reporting on the adoption of the recommendation. In compliance with the "if not, why not" reporting regime, where, after due consideration, the Company's corporate governance practices will not follow a recommendation, the Board has explained its reasons for not following the recommendation and disclosed what, if any, alternative practices the Company will adopt instead of those in the recommendation.

The Company's governance-related documents can be found on its website at https://vmoto.com/investorcentre/.

Additional Information for Listed Public Companies

The following additional information is required by the Australian Securities Exchange in respect of listed public companies.

1 Capital as at 8 March 2024

a. ***Ordinary share capital***

395,487,192 ordinary fully paid shares held by 4,024 shareholders.

b. ***Options over Unissued Shares***

Number of Options	Exercise Price $	Expiry Date	ASX Status
6,600,000	0.45	11.04.2026	Unlisted
7,700,000	0.55	11.04.2027	Unlisted
8,800,000	0.65	11.04.2027	Unlisted
23,100,000			

c. ***Performance Rights over Unissued Shares***

Class of Performance Right	Performance Condition	Performance rights No.	Milestone Date	Expiry Date
2022	Continuing employment; Minimum performance hurdle of a minimum share price compound annual growth rate (**CAGR**) increases of 5% over the performance period; No performance rights will vest if CAGR is less than 5% over the respective period; and 50% of the performance rights will vest if CAGR of 10% is achieved, up to maximum of 100% of the performance rights will vest if CAGR of 15% is achieved and pro rata of the performance rights will vest if CAGR is >5%&<10% and >10%&<15%.	2,024,858	31.12.2024	31.12.2024
2023	Continuing employment; Minimum performance hurdle of a minimum share price compound annual growth rate (CAGR) increases of 5% over the performance period; No performance rights will vest if CAGR is less than 5% over the respective period; and 50% of the performance rights will vest if CAGR of 10% is achieved, up to maximum of 100% of the performance rights will vest if CAGR of 15% is achieved and pro rata of the performance rights will vest if CAGR is >5%&<10% and >10%&<15%.	2,873,372	31.12.2025	31.12.2025
		4,898,230		

d. ***Voting Rights***

The voting rights attached to each class of equity security are as follows:

- **Ordinary shares**: The voting rights attaching to ordinary shares are that on a show of hands every member present in person or by proxy shall have one vote and upon a poll each share shall have one vote.
- **Options**: Options do not entitle the holders to vote in respect of that equity instrument, nor participate in dividends, when declared, until such time as the options are exercised or performance shares convert and subsequently registered as ordinary shares.
- **Performance Rights**: A Performance Right does not entitle a Holder to vote on any resolutions proposed at a general meeting of shareholders of the Company. A Performance Right does not entitle a Holder to any dividends. A Performance Right does not entitle the Holder to participate in the surplus profits or assets of the Company upon winding up of the Company. A Performance Right is not transferable.

e. ***Substantial Shareholders as at 8 March 2024***

Name	Number of Ordinary Fully Paid Shares Held	% Held of Issued Ordinary Capital
Yiting (Charles) Chen	46,007,910	11.63
Raymond and Susan Munro ATF Munro Family Super Fund	22,044,500	5.57
Malaky Kazem	21,736,030	5.50

Additional Information for Listed Public Companies

f. *Distribution of Equity Holders as at 8 March 2024*

Ordinary Shares

Category (size of holding)	Total Holders	Number Ordinary	% Held of Issued Ordinary Capital
1 – 1,000	429	224,552	0.06
1,001 – 5,000	1,518	4,172,465	1.06
5,001 – 10,000	627	5,028,318	1.27
10,001 – 100,000	1,153	38,593,414	9.75
100,001 – and over	297	347,468,443	87.85
	4,024	**395,487,192**	**99.99**

Unlisted Options (VMTAY: Exp. 11.04.2026 Ex. $0.45)

Category (size of holding)	Total Holders	Number Ordinary	% Held of Issued Ordinary Capital
1 – 100,000	-	-	0.00
100,001 – and over	2	6,600,000	100.00
	2	**6,600,000**	**100.00**

Unlisted Options (VMTAZ: Exp. 11.04.2027 Ex. $0.55)

Category (size of holding)	Total Holders	Number Ordinary	% Held of Issued Ordinary Capital
1 – 100,000	-	-	0.00
100,001 – and over	2	7,700,000	100.00
	2	**7,700,000**	**100.00**

Unlisted Options (VMTAA: Exp. 11.04.2027 Ex. $0.65)

Category (size of holding)	Total Holders	Number Ordinary	% Held of Issued Ordinary Capital
1 – 100,000	-	-	0.00
100,001 – and over	2	8,800,000	100.00
	2	**8,800,000**	**100.00**

2022 Performance Rights Holders

Category (size of holding)	Total Holders	Number Ordinary	% Held of Issued Ordinary Capital
1 – 100,000	-	-	0.00
100,001 – and over	2	2,024,858	100.00
	2	**2,024,858**	**100.00**

2023 Performance Rights Holders

Category (size of holding)	Total Holders	Number Ordinary	% Held of Issued Ordinary Capital
1 – 100,000	-	-	0.00
100,001 – and over	2	2,873,372	100.00
	2	**2,873,372**	**100.00**

g. *Unmarketable Parcels as at 8 March 2024*

There were 1,506 shareholders who held less than a marketable parcel of shares, holding 245,986 shares.

Additional Information for Listed Public Companies

h. ***On-Market Buy-Back***

There is no current on-market buy-back.

i. ***Restricted Securities***

The Company has currently the following restricted securities:

- 1,720,000 fully paid ordinary shares are currently subject to voluntary escrow until 4 April 2025.
- 810,000 fully paid ordinary shares are currently subject to voluntary escrow until 22 February 2026.

j. ***20 Largest Shareholders — Ordinary Shares as at 8 March 2024***

Rank	Name	Number of Ordinary Fully Paid Shares Held	% Held of Issued Ordinary Capital
1.	Mr Yiting Chen	46,007,910	11.63
2.	Mr Yuming Zhou	45,110,880	11.41
3.	Mr Yi Chen	37,073,109	9.37
4.	Ms Malaky Kazem	23,544,030	5.95
5.	Mr Raymond Edward Munro + Mrs Susan Roberta Munro <Munro Family Super Fund A/C>	22,048,500	5.58
6.	Chengzhi Wang	16,017,317	4.05
7.	Mr Erchuan Zhou	15,589,942	3.94
8.	Mr Liang Rong	7,800,000	1.97
9.	Citicorp Nominees Pty Limited	5,504,881	1.39
10.	Mr Tao Yu	4,241,393	1.07
11.	Mr Yin How Teo	4,075,000	1.03
12.	HSBC Custody Nominees (Australia) Limited	3,871,016	0.98
13.	Mr Brendan David Gore <Gore Family No 2 A/C>	3,245,000	0.82
14.	BNP Paribas Nominees Pty Ltd <IB AU Noms Retailclient>	3,203,774	0.81
15.	Mr Kaijian Chen	3,139,401	0.79
16.	Mr Liang Chen	3,047,787	0.77
17.	Yang Pty Ltd <Yang Family A/C>	2,392,355	0.60
18.	Mr Lei Liu	2,183,863	0.55
19.	Edlins Prosperity Plus Pty Ltd <Edlins Prosperity Plus A/C>	2,089,352	0.53
20.	Mr Michael Arnold Ter Veer	2,000,000	0.51
	Total	**252,185,510**	**63.75**

k. **Unquoted Securities Holders Holding More than 20% of the Class as at 8 March 2024**

- *Unlisted Options (VMTAY: Exp. 11.04.2026 Ex. $0.45)*

Name	Number of Unquoted Securities	% Held of Unquoted Security Class
Giovanni Castiglioni	6,000,000	90.91
Total	**6,000,000**	**90.91**
Total Unlisted Options (VMTAY: Exp. 11.04.2026 Ex. $0.45)	**6,600,000**	

- *Unlisted Options (VMTAZ: Exp. 11.04.2027 Ex. $0.55)*

Name	Number of Unquoted Securities	% Held of Unquoted Security Class
Giovanni Castiglioni	7,000,000	90.91
Total	**7,000,000**	**90.91**
Total Unlisted Options (VMTAZ: Exp. 11.04.2027 Ex $0.55)	**7,700,000**	

Additional Information for Listed Public Companies

Unlisted Options (VMTAA: Exp. 11.04.2027 Ex. $0.65)

Name	Number of Unquoted Securities	% Held of Unquoted Security Class
Giovanni Castiglioni	8,000,000	90.91
Total	**8,000,000**	**90.91**
Total Unlisted Options (VMTAA: Exp. 11.04.2027 Ex $0.65)	**8,800,000**	

2022 Performance Rights Holders

Rank	Name	Number of Unquoted Securities	% Held of Unquoted Security Class
1.	Yiting (Charles) Chen	1,372,346	67.77
2.	Yin How (Ivan) Teo	652,512	32.23
	Total	**2,024,858**	**100.00**
	Total 2022 Performance Shares	**2,024,858**	

2023 Performance Rights Holders

Rank	Name	Number of Unquoted Securities	% Held of Unquoted Security Class
1.	Yiting (Charles) Chen	1,903,609	66.25
2.	Yin How (Ivan) Teo	969,763	33.75
	Total	**2,873,372**	**100.00**
	Total 2023 Performance Shares	**2,873,372**	

2 The Company Secretary is Joan Dabon.

3 Principal registered office

As disclosed in the *Corporate directory* on page i of this Annual Report.

4 Register of securities

As disclosed in the *Corporate directory* on page i of this Annual Report.

5 Stock exchange listing

Quotation has been granted for all the ordinary shares of the Company on all Member Exchanges of the Australian Securities Exchange Limited (ASX Code: VMT), as disclosed in the *Corporate directory* on page i of this Annual Report. The Home Exchange is Perth.


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