LatAm Autos Limited

ABN 12 169 063 414

Consolidated Annual Report - 31 December 2021

LatAm Autos Limited
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31 December 2021

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Directors	Michael Fitzpatrick (Chairman) Jorge Mejia Ribadeneira (Executive Director & Chief Executive Officer) Timothy Handley (Non-executive Director) - resigned on 9 September 2021 Joe Hanna (Non-executive Director) - resigned on 15 April 2021 Donald Cahill (Non-executive Director) - resigned on 14 September 2021 Louis Joseph (Non-executive Director) - appointed on 13 September 2021 Gareth Bannan (Executive Director) - appointed on 14 September 2021 Cameron Griffin (Alternate Director)
Company secretaries	Melanie Leydin - resigned on 3 February 2022 Louis Joseph - appointed on 3 February 2022 Gareth Bannan
Registered office	Level 1, 108 Queen Street Woollahra New South Wales, 2025 Tel: +61 (3) 9692 7222 Fax: +61 (3) 9077 9233
Principal place of business	Latamautos Mexico S de RL de CV Hipolito Taine 244, Oficina 27, Polanco V Sección Mexico City Mexico Tel: +52 55 4161 8830
Share register	Registry Direct Collins Street East Melbourne VIC 8003
Auditor	Grant Thornton Audit Pty Ltd Collins Square, Tower 5 727 Collins Street Melbourne VIC 3008
Website	www.latamautos.com

Chairman's Letter

Dear Shareholders,

2021 was another difficult year for LatAm Autos.

Having commenced with broader regional ambitions, the Company now operates across three distinct business units:

- Ecuadorean Auto Classifieds (Patiotuerca.com)
- Mexican Auto Classifieds (Seminuevos.com)
- Mexican Auto Finance (Motorfy)

All business units were affected by the continued economic impacts of the pandemic in Latin America.

In both the Mexican and Ecuadorian Auto Classifieds businesses, revenue declined from the customers dealer bases partially driven by broader industry dynamics. A shortage of used car inventory was a principal contributor to the issues dealers faced during 2021. The used car shortage which emerged due to changed transportation habits because of the pandemic was exacerbated by significant declines in new car production and sales. New car sales declined in 2020 due to reduced demand, this was followed in 2021 by production declines exacerbated by global semiconductor shortages resulting in delayed production of new car stock. To provide some context, the lead time for automotive semiconductors expanded from 14 days at the start of 2021, to 26.5 weeks by September of 2021. It is envisaged that Q3 and Q4 of 2021 will have represented a low point in global vehicle production.

Advertising revenue which is mainly generated by OEMs, also reduced significantly in both the Mexican and Ecuadorian Auto Classifieds businesses as OEMs in both markets moderated marketing efforts as new car stock sold out quickly and customers had to wait for new car deliveries, thus reducing the need for OEMs to advertise aggressively against stock they couldn't promptly deliver.

The Motorfy division in Mexico went from being the most resilient unit in the Company, even showing modest growth during the year, to suffering a major headwind in early November 2021 as one of the Company's main clients of the Motorfy division, Credito Real, advised the Company it would be pausing disbursements. To put the importance of Credito Real to Motorfy into context, as of November 2021, Motorfy revenues generated from Credito Real disbursements comprised 51% of Mexican revenue and 42% of Group revenue. The Motorfy division also comprised 32% of the group operating cost base. The Company received multiple assurances from Credito Real that all would be resolved, and disbursements were set to resume imminently. Unfortunately, ultimately a commercial court ordered Credito Real its judicial liquidation on 14 July 2022. The implications of the loss of Credito Real as a substantial financial institution partnering with the Motorfy division have been pronounced because the two companies had been working closely for the previous four years on the Auto loan product and this business benefited extensively from years of hard work and technology integrations which made for efficient and higher value loan disbursements.

The Company quickly sought to allocate applications generated via the Motorfy division to other financial institutions in the absence of Credito Real. However, the volume of operations generated with the additional financial partners has not achieved the volume of credits disbursed reached with Credito Real.

Whilst competitive dynamics remained challenging in both markets during 2021, there are signs that the market is becoming more rational with respect to pricing as some competitors have subsequently departed the market in 2022 owing to unsustainable economics across the industry.

Whilst revenue from clients declined 5.46% across the business in 2021, the Company continued to work hard on reducing its costs, with Operational expenses reduced by 21.07% during the period.

The Company continues to work on reducing its cost base to reflect the economic reality of the markets in which it operates whilst also positioning the business to capitalize on opportunities as these markets emerge from their pandemic related conditions.

I would like to thank the Board and Management for their dedication and commitment to LatAm Autos in a very difficult year, and investors for your patience.

Yours sincerely,

Mike Fitzpatrick
Chairman

LatAm Autos Limited
Review of operations
31 December 2021

Group Overview

Key items from 2021 compared to 2020 (in 2020 constant currency terms) include:

- Revenues to external customers decreased by -4% or $0.1 million
- Negative EBITDA reduced by $1.6 million (-46%) to -$1.9 million
- Operating Expenses reduced by $1.8 million (-21%) to $6.7 million
- Operating and Investing Cash flows reduced by $4.3 million (-74%) to -$1.6 million
- Motorfy Credit unit sales in Mexico slightly above 2020 by 69 units (+2%)
- Organic/free traffic to the Company's Mexican classified site (seminuevos.com) increased by 4 million sessions (+26%) to 21.7 million sessions

Chart 1: Quarterly historical revenues from external customers[1]

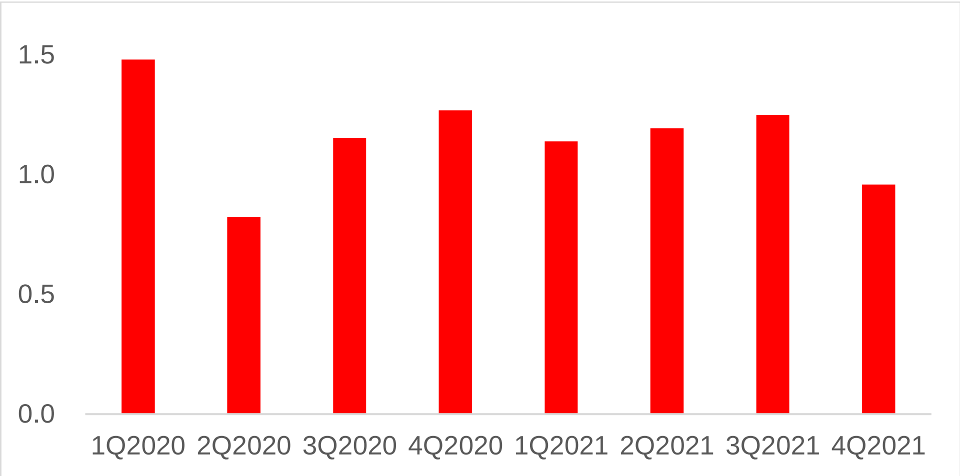
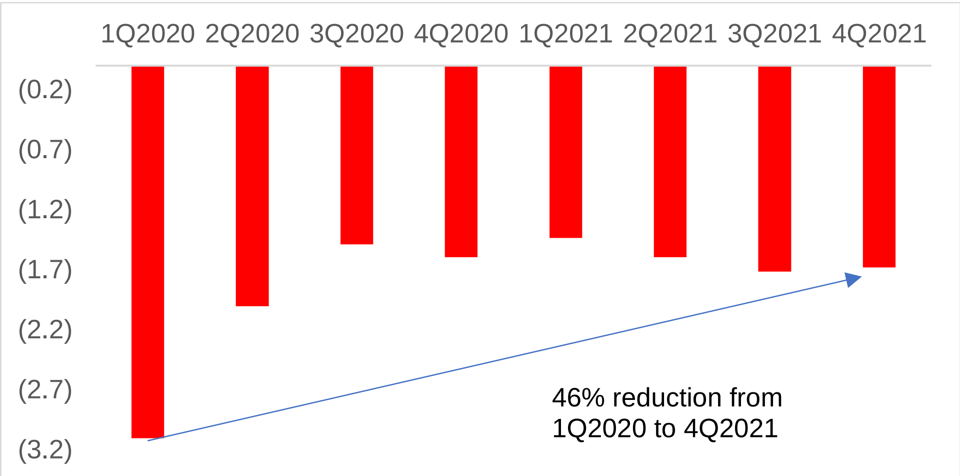


Chart 2: Operating Expenses[2]



[1] FX rates for all time periods used as per the 2021 annual report to show consistent A$ values
[2] FX rates for all time periods used as per the 2021 annual report to show consistent A$ values

Chart 3: EBITDA[3]

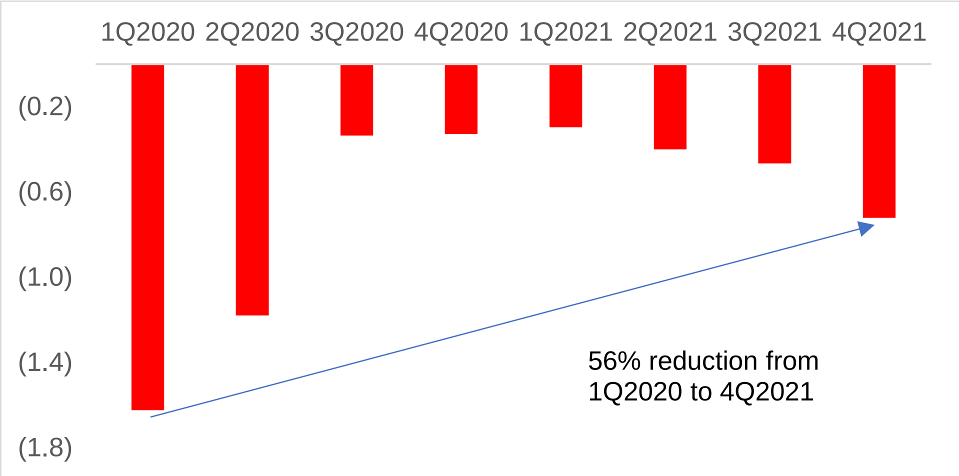
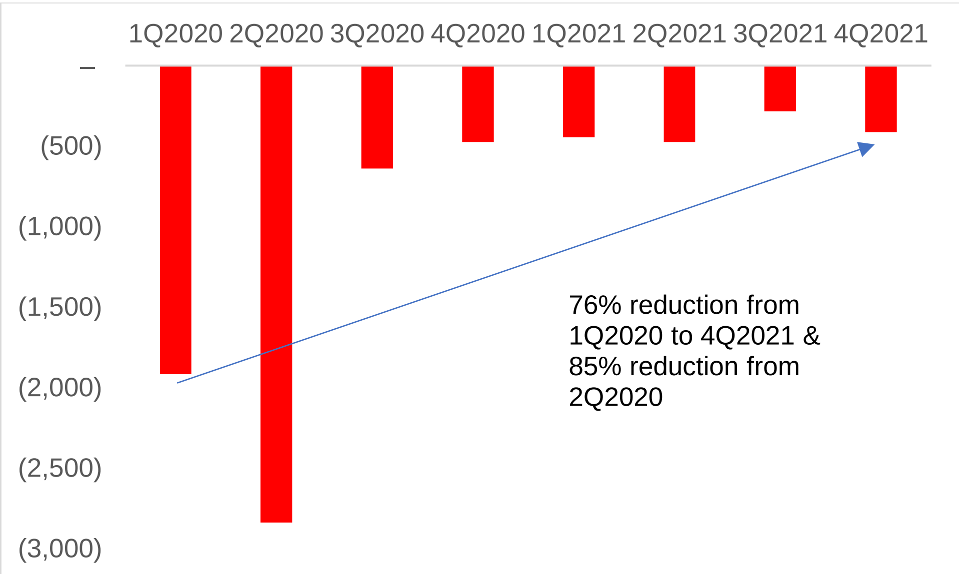


Chart 4: Operating and Investing Cash Flows[4]



[3] FX rates for all time periods used as per the 2021 annual report to show consistent A$ values
[4] FX rates for all time periods used as per the 2021 annual report to show consistent A$ values

Chart 5: Motorfy Credit unit sales in Mexico

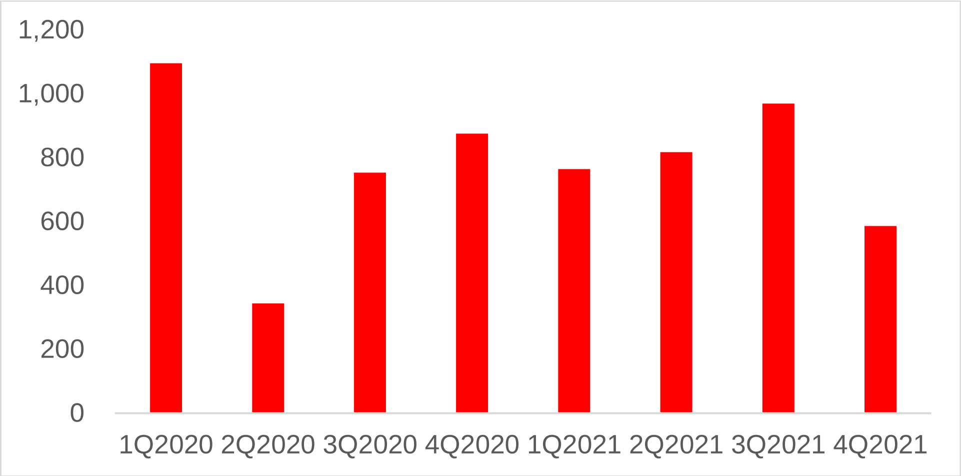


Chart 6: Classified revenue by subsidiary

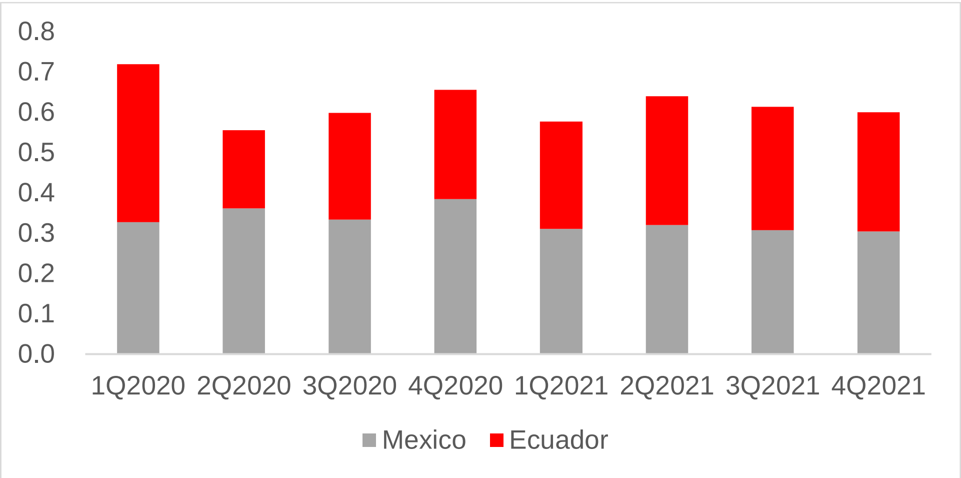
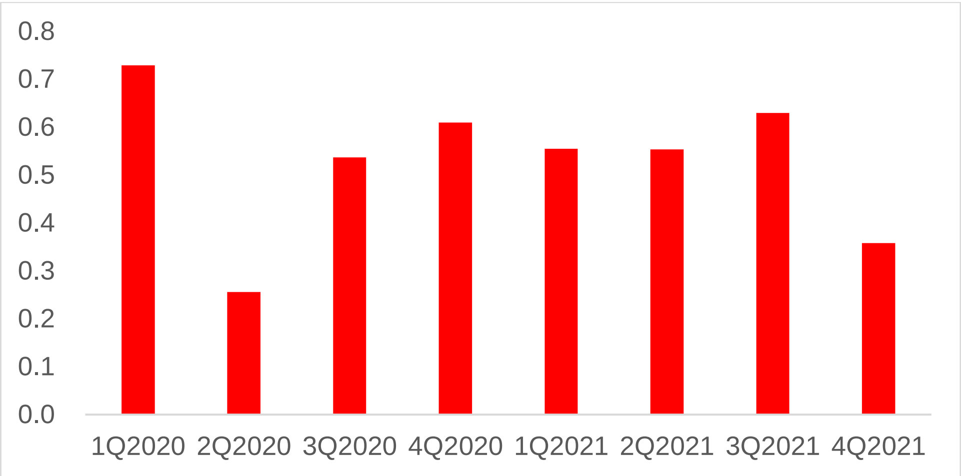


Chart 7: Mexico Motorfy revenue



LatAm Autos Limited
Directors' report
31 December 2021

The directors present their report, together with the financial statements, on the Consolidated Entity (referred to hereafter as the 'Consolidated Entity') consisting of LatAm Autos Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 31 December 2021.

Directors

The following persons were directors of LatAm Autos Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Michael Fitzpatrick (Chairman)
Jorge Mejia Ribadeneira (Executive Director & Chief Executive Officer) - resigned on 28 February 2023
Timothy Handley (Non-executive Director) - resigned on 9 September 2021
Joe Hanna (Non-executive Director) - resigned on 15 April 2021
Donald Cahill (Non-executive Director) - resigned on 14 September 2021
Louis Joseph (Non-executive Director) - appointed on 13 September 2021
Gareth Bannan (Executive Director) - appointed as Executive Director on 14 September 2021
resigned on 22 February 2023
Cameron Griffin (Alternate Director)

Principal activities

The Consolidated Entity is an online auto classifieds and fintech business with operations in Mexico and Ecuador and with portals in Argentina, Peru, Panama and Bolivia. In these key Latin American markets ('LatAm Markets'), the Consolidated Entity provides a dedicated online auto classifieds platform to commercial sellers, private sellers and buyers of vehicles. The Consolidated Entity also offers premium automotive related content to automotive buyers and enthusiasts, advertising services and solutions, and originates car loans on behalf of its financial partners.

Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Review of operations

The loss for the Consolidated Entity after providing for income tax amounted to $21,776,000 (31 December 2020: $7,107,000).

Significant changes in the state of affairs

On 15 September 2021 the Consolidated Entity signed a Loan Facility Agreement for short-term working capital requirements, with Louis Joseph. The Loan Facility had a limit of $400,000 with an interest rate of 2% per annum and with a due date on 1 February 2022. The due date was extended to 31 March 2023 on 3 February 2022.

There were no other significant changes in the state of affairs of the Consolidated Entity during the financial year.

Matters subsequent to the end of the financial year

On 3 February 2022 the Noteholders and the Consolidated Entity, signed-off the supplemental deed to replace the maturity date of the Convertible Note from 31 January 2021 to 31 March 2023

On 3 February 2022 the Consolidated Entity, signed-off the supplemental deed to extend the maturity date of the Loan Facility Agreement from 1 February 2022 to 31 March 2023

On 3 February 2022, Melanie Leydin resigned as Company Secretary and Louis Joseph was appointed as Company Secretary

On 14 July 2022, Credito Real, the main client of the Motorfy division, was ordered by a commercial court its judicial liquidation

At the end of November 2022, the Consolidated Entity commenced a restructuring process in order to reduce expenses and cash burn. The restructuring plan is intended to allow the company to achieve cash flow breakeven by the end of 2023 and included elimination of the following C-level positions: CFO who resigned in late November 2022, CTO who resigned in December 2022 and has a transition plan until March 2023 and CEO who has to resign by end of March 2023. The leadership of those positions will be replaced by current LatamAutos´ employees with the appropriate expertise.

In February 2023, the debt holders (Convertible Notes and Short-Term Debt Facility) agreed not to call their respective credits for a period of 12 months from the date of the Annual Report. Additional information in Note 19.

During 2022 and the first months of 2023 the Consolidated Entity has received financial support from the Chairman to meet its obligations with employees and third parties.

No other matter or circumstance has arisen since 31 December 2021 that has significantly affected, or may significantly affect the Consolidated Entity's operations, the results of those operations, or the Consolidated Entity's state of affairs in future financial years.

Likely developments and expected results of operations

Information on likely developments in the operations of the Consolidated Entity and the expected results of operations have not been included in this report because the directors believe it may result in unreasonable prejudice to the Consolidated Entity.

Environmental regulation

The Consolidated Entity is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Information on directors

Name:	Michael Fitzpatrick
Title:	Non-Executive Chairman
Qualifications:	Bachelor of Engineering with honours from the University of Western Australia and a Masters of Arts from Oxford University, where he was the 1975 Rhodes Scholar from Western Australia.
Experience and expertise:	Mike Fitzpatrick has over 40 years' experience in the financial services sector. Committed to sustainability, Mike and his associated interests have made a range of investments in renewable energy and related technology development. Current investments include electric vehicles (California based Proterra), high purity quartz for use in silicon manufacture (Creswick Quartz) and Third Equation, a developer of transformers designed to stabilise electricity grids. Mike holds a number of non-executive directorships, including Infrastructure Capital Group, Carnegie Clean Energy Limited and LatAm Autos Limited. Mike is also a Trustee of the Rhodes Trust. Infrastructure Capital Group is a leading Australian based mid-market infrastructure fund manager with over $2 billion in equity investments and with almost $500 million allocated to renewable energy in its recently launched Australian Renewable Infrastructure Fund (ARIF). In 1994 Mike founded Hastings Funds Management Ltd (Hastings), the pioneering infrastructure asset management company where he was Managing Director until he sold his interest in 2005. Hastings was then one of the largest managers of infrastructure and alternative assets in Australia (including infrastructure, high yield debt, private equity and timberland) managing investments of approximately $3.8 billion. Hastings' related directorships included Pacific Hydro, Australian Infrastructure Fund, Utilities Trust of Australia and Hastings Diversified Utilities Fund. Prior to establishing Hastings, Mike was a director of CS First Boston. He also previously held positions with Merrill Lynch and First Boston in New York, the Victorian Treasury and Telecom Australia. Mike is a former Chairman of Pacific Current Group Limited, Victorian Funds Management Corporation, the Australian Football League and the Australian Sports Commission, a former director of Rio Tinto Limited and Rio Tinto plc, a former member of the Melbourne Park Tennis Centre Trust, a former director of the Carlton Football Club and a former director of the Walter & Eliza Hall Institute of Medical Research.
Other current directorships:	Infrastructure Capital Group and Carnegie Clean Energy Limited
Former directorships (last 3 years):	Carnegie Wave Limited (appointed 2012)
Special responsibilities:	Chair of the Audit Committee Member of Remuneration Nomination and Nomination Remuneration Committee
Interests in shares:	176,051,350 fully paid ordinary shares
Interests in options:	None
Interests in rights:	3,574,002 Convertible notes

Name:	Jorge Mejia Ribadeneira
Title:	Executive Director & Chief Executive Officer
Qualifications:	Jorge holds a Bachelor and a Master's in Human Resources Development, both from the Palm Beach Atlantic University, USA. He is a founding member and President of Internet Advertising Bureau Ecuador.
Experience and expertise:	Jorge has served as the Chief Executive Officer of LatAm Autos Limited since October 2014 and has overseen the Company's business acquisitions, ASX listing and significant development. Jorge is an experienced Latin America digital media executive. He is the founder and ex-CEO of Grupo Centrico, the Ecuadorian-based holding company for Vive1.com, Evaluar.com, and Seguros123.com, and previously PatioTuerca.com. Jorge began his career in the technology sector after founding and managing multitrabajos.com, Ecuador's foremost job search engine. After multitrabajos.com was acquired by Bumeran.com/Navent, Jorge acted as the company's country manager before becoming Regional Vice President where he was responsible for all new business development and operations. During his time at Navent, Jorge led the successful acquisitions of five different Latin American based online classified sites. As CEO of Grupo Centrico Jorge founded Evaluar.com, Latin America's leading HR evaluation company with operations in Chile, Peru, Ecuador and Mexico, as well as Seguros123.com, an online insurance comparison portal. Jorge also led the successful acquisition and integration of PatioTuerca.Com and Vive1.com.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	None
Interests in shares:	16,516,447 fully paid ordinary shares
Interests in options:	None
Interests in rights:	3,250,000 unlisted performance rights

Name:	Tim Handley
Title:	Non-Executive Director
Qualifications:	Tim holds a Bachelor of Engineering degree (Honours) from the University of Melbourne, and a Master of Commerce degree (major in Finance and Accounting) from the University of Sydney.
Experience and expertise:	Tim is currently Head of M&A and Business Development for Viva Energy Ltd, and was a co-founder and Non-Executive Director of LatAm Autos. Prior to co-founding LatAm Autos in early 2014, Tim worked for 12 years' in mergers & acquisitions, equity and debt capital markets experience (including 7 years in Latin America). Previously Tim worked at Gresham Partners and UBS. Tim also founded and was managing director of Chestnut Partners, a São Paulo, Brazil based corporate finance advisory business where he advised several leading Australian organisations on acquisitions and investments in Latin America.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	None
Interests in shares:	27,519,717 fully paid ordinary shares
Interests in options:	None
Interests in rights:	None

Name:	Gareth Bannan
Title:	Alternate Director, Chief Financial Officer
Qualifications:	Bachelor of Economics and Master of Finance, both from the University of New South Wales
Experience and expertise:	Gareth Bannan is co-founder, joint company secretary and Chief Financial Officer of the Company. Gareth has 17 years' financial management, mergers & acquisitions and capital markets experience (including 10 years in Latin America), and previously worked at Chestnut Partners (São Paulo), KPMG Corporate Finance (Sydney) and Rabobank (Sydney). Gareth has extensive operating and advisory experience in online classified companies in Latin America.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Chief Financial Officer; Joint Company Secretary
Interests in shares:	22,084,827 fully paid ordinary shares
Interests in options:	None
Interests in rights:	None

Name:	Cameron Griffin
Title:	Alternate Director
Qualifications:	Bachelor of Commerce, CA
Experience and expertise:	Cameron has 22 years of finance and investment industry experience having worked in Australia, the United Kingdom and the United States of America. Cameron currently runs the direct investment portfolio at Squitchy Lane Holdings, the private investment vehicle of the Fitzpatrick family office. Cameron previously held investment and advisory roles at Hastings Funds Management Ltd and EY (Corporate Finance). Cameron's other external appointments include a directorship at AgCap Pty Ltd (which is an unlisted company), as well as a board observer role at Proterra, Inc, a US manufacturer of zero emission electric buses.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	None
Interests in shares:	None

Name:	Donald Cahill
Title:	Non-Executive Director
Qualifications:	Bachelor of Business, Administration and Management
Experience and expertise:	Donald has 23 years' experience in technology sector working for Brightstar (founding member, sold to SoftBank in 2014) and BBSS (a Softbank company). Mr Cahill currently works as an executive advisory role with BBSS, but also works identifying opportunities for Softbank's investment funds in the Americas. Mr Cahill is based in Silicon Valley and has a substantial understanding of the South American and Mexican markets.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Member of the Audit Committee Member of the Nomination and Remuneration Committee
Interests in shares:	204,543 Fully paid ordinary shares
Interests in options:	None
Interests in rights:	None

Name:	Joe Hanna
Title:	Non-Executive Director
Qualifications:	Bachelor of Business (Hons), Computing major from the University of Victoria.
Experience and expertise:	Joe Hanna is Australian with significant business experience in Latin America, most notably with Mitula. He has over 24 years digital product and technology experience and over 20 years in online classifieds and search experience. Mr Hanna founded 'Modern Search' which merged with 'Mitula Classifieds' in 2010. Mr Hanna was instrumental in the IPO of Mitula Group Limited on the ASX (ASX:MUA) in 2015 where he served as Non-Executive Director until it was sold in 2019 to Lifull (TSE:2120). Mr Hanna also serves as an Executive Director of ASX listed Real Estate Investar Group Limited (ASX:REV), a leading Australian PropTech.
Other current directorships:	PropTech Group Limited (ASX:PTG) 2015 – present
Former directorships (last 3 years):	Mitula Group Limited (ASX:MUA) 2015 – 2019
Special responsibilities:	Chair of Nomination and Remuneration Committee Member of the Audit Committee
Interests in shares:	1,082,259 Fully paid ordinary Shares
Interests in options:	None
Interests in rights:	None

Name:	Louis Joseph
Title:	Non-Executive Director
Qualifications:	Bachelor of Commerce, Member Turnaround Management Association of Australia
Experience and expertise:	Louis Joseph has been involved directly in business in both the commercial sector and in the securities industry. His experience has been developed within Australia and in overseas locations, including Latin America and Asia. His expertise includes international horticulture trade and logistics, business management, financial markets and securities analysis.
Other current directorships:	London City Equities Limited and Imperial Pacific Limited
Former directorships (last 3 years):	London City Equities Limited (appointed 2022), Imperial Pacific Limited (appointed 2022)
Special responsibilities:	Company Secretary of Imperial Pacific Limited and London City Equities since 2016
Interests in shares:	5,165,585 Fully paid ordinary Shares
Interests in options:	None
Interests in rights:	None
Interests in rights:	None

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

Company secretaries

Melanie Leydin resigned on 3 February 2022 and was replaced by Louis Joseph as joint company secretary. Details of his qualifications and experience are set out in the Directors' information above.

Gareth Bannan is joint company secretary. Details of his qualifications and experience are set out in the Directors' information above.

Meetings of directors
The number of meetings of the Company's Board of Directors ('the Board') and of each Board committee held during the year ended 31 December 2021, and the number of meetings attended by each director were:

	Full Board Held	Full Board Attended	Audit Committee Held	Audit Committee Attended	Nom & Rem Committee Held	Nom & Rem Committee Attended
Tim Handley*	12	7	-	-	-	-
Mike Fitzpatrick	12	12	1	1	1	1
Jorge Mejia	12	12	-	-	-	-
Gareth Bannan	12	12	-	-	-	-
Cameron Griffin	12	12	-	-	-	-
Joe Hanna**	12	3	1	1	1	1
Donald Cahill***	12	7	1	1	1	1
Louis Joseph	12	4	-	-	-	-

***** Resigned on 9 Sep 2021
****** Resigned on 15 Apr 2021
******* Resigned on 14 Sep 2021

Held: represents the number of meetings held during the time the director held office or was a member of the relevant committee.

Shares under option
The Consolidated Entity does not have Shares under option as at 31 December 2021.

Shares under performance rights
Unissued ordinary shares of LatAm Autos Limited under performance rights at the date of this report are as follows:

Performance rights series and Grant date	Vesting date	Exercise price	Number under rights
Performance rights - 14 June 2019	31 January 2023	$0.0000	1,250,000

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

Shares issued on the exercise of options
There were no ordinary shares of LatAm Autos Limited issued on the exercise of options during the year ended 31 December 2021 and up to the date of this report.

Shares issued on the exercise of performance rights
There were no ordinary shares of LatAm Autos Limited issued on the exercise of performance rights during the year ended 31 December 2021 and up to the date of this report.

Indemnity and insurance of officers
The Company has entered into deeds of access, insurance and indemnity with each Director which confirm each Director’s right of access to certain books and records of LatAm Autos for a period of seven years after the Director ceases to hold office. This seven-year period may be extended where certain proceedings or investigations commence before that seven-year period expires.

Indemnity and insurance of auditor
The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the Corporations Act 2001 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.

Non-audit services

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 26 to the financial statements.

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services as disclosed in note 26 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

Officers of the company who are former audit partners of Grant Thornton Audit Pty Ltd

There are no officers of the company who are former audit partners of Grant Thornton Audit Pty Ltd

Rounding of amounts

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

Auditor

Grant Thornton Audit Pty Ltd continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors

Michael Fitzpatrick
Chairman

5 Apr 2023

Grant Thornton Audit Pty Ltd
Level 22 Tower 5
Collins Square
727 Collins Street
Melbourne VIC 3008
GPO Box 4736
Melbourne VIC 3001

T +61 3 8320 2222

Auditor's Independence Declaration

To the Directors of LatAm Autos Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the audit of LatAm Autos Limited for the year ended 31 December 2021, I declare that, to the best of my knowledge and belief, there have been:

a no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

b no contraventions of any applicable code of professional conduct in relation to the audit.

Grant Thornton

Grant Thornton Audit Pty Ltd
Chartered Accountants

M J Climpson
Partner – Audit & Assurance

Melbourne, 5 April 2023

LatAm Autos Limited
Consolidated statement of profit or loss and other comprehensive income
For the year ended 31 December 2021

		Consolidated	
	Note	**2021 $'000**	**2020 $'000**
Revenue from continuing operations	5	4,585	5,257
Interest revenue calculated using the effective interest		-	2
Expenses			
Commissions and related expenses		(1,647)	(1,164)
Printing costs		(51)	(242)
Advertising expenses		(244)	(446)
Employee benefits expense	6	(3,147)	(3,968)
Depreciation and amortisation expense	6	(828)	(1,204)
Impairment of assets	6	(18,739)	(1,999)
Operating lease expense	6	(92)	(44)
Professional and consulting fees expense		(620)	(1,109)
Travel expense		(39)	(38)
Technology expenses		(432)	(448)
Other expenses		(382)	(971)
Finance costs and related costs	6	(555)	(581)
Loss before income tax (expense)/benefit from continuing operations		(22,191)	(6,955)
Income tax (expense)/benefit	7	415	(152)
Loss after income tax (expense)/benefit from continuing operations		(21,776)	(7,107)
Loss after income tax expense from discontinued operations		(1)	(9)
Loss after income tax (expense)/benefit for the year attributable to the owners of LatAm Autos Limited		(21,777)	(7,116)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation - exchange differences on translating foreign operations and subsidiaries		1,023	(2,858)
Other comprehensive income for the year, net of tax		1,023	(2,858)
Total comprehensive income for the year attributable to the owners of LatAm Autos Limited		(20,754)	(9,974)
Total comprehensive income for the year is attributable to:			
Continuing operations		(20,753)	(9,965)
Discontinued operations		(1)	(9)
		(20,754)	(9,974)

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

LatAm Autos Limited
Consolidated statement of profit or loss and other comprehensive income
For the year ended 31 December 2021

	Note	Consolidated 2021 $'000	Consolidated 2020 $'000
		Cents	**Cents**
Earnings per share for loss from continuing operations attributable to the owners of LatAm Autos Limited			
Basic earnings per share	34	(2.85)	(1.02)
Diluted earnings per share	34	(2.85)	(1.02)
Earnings per share for loss from discontinued operations attributable to the owners of LatAm Autos Limited			
Basic earnings per share	34	(0.00)	(0.00)
Diluted earnings per share	34	(0.00)	(0.00)
Earnings per share for loss attributable to the owners of LatAm Autos Limited			
Basic earnings per share	34	(2.85)	(1.02)
Diluted earnings per share	34	(2.85)	(1.02)

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

LatAm Autos Limited
Consolidated statement of financial position
As at 31 December 2021

	Note	Consolidated 2021 $'000	Consolidated 2020 $'000
Assets			
Current assets			
Cash and cash equivalents	8	273	1,533
Trade and other receivables	9	785	1,848
Prepayments	10	123	159
Total current assets		1,181	3,540
Non-current assets			
Other receivables	11	-	589
Plant and equipment	12	86	126
Intangible assets	13	-	16,148
Deferred tax	7	-	429
Total non-current assets		86	17,292
Total assets		1,267	20,832
Liabilities			
Current liabilities			
Trade and other payables	14	1,541	1,150
Employee benefits	15	189	114
Provisions	16	24	28
Contract liabilities - deferred revenue	17	440	432
Financial liabilities	19	6,440	5,559
Total current liabilities		8,634	7,283
Non-current liabilities			
Deferred tax	7	11	286
Employee benefits	18	154	116
Total non-current liabilities		165	402
Total liabilities		8,799	7,685
Net assets		(7,532)	13,147
Equity			
Issued capital	20	90,621	90,621
Other contributed equity	21	2,011	2,010
Reserves	22	47	(969)
Accumulated losses		(100,211)	(78,515)
Total equity		(7,532)	13,147

The above consolidated statement of financial position should be read in conjunction with the accompanying notes

LatAm Autos Limited
Consolidated statement of changes in equity
For the year ended 31 December 2021

Consolidated	**Issued capital $'000**	**Share based payments reserve $'000**	**Foreign currency translation reserve $'000**	**Other contributed equity $'000**	**Accumulated losses $'000**	**Total equity $'000**
Balance at 1 January 2020	85,546	110	1,722	1,952	(71,422)	17,908
Loss after income tax benefit for the year	-	-	-	-	(7,116)	(7,116)
Other comprehensive income for the year, net of tax	-	-	(2,858)	(17)	-	(2,875)
Total comprehensive income for the year	-	-	(2,858)	(17)	(7,116)	(9,991)
Transactions with owners in their capacity as owners:						
Contributions of equity, net of transaction costs	5,075	-	-	-	-	5,075
Share-based payments (note 35)	-	80	-	-	-	80
Other contributed equity	-	-	-	75	-	75
Transfer of reserve	-	(23)	-	-	23	-
Balance at 31 December 2020	90,621	167	(1,136)	2,010	(78,515)	13,147

Consolidated	**Issued capital $'000**	**Share based payments reserve $'000**	**Foreign currency translation reserve $'000**	**Other contributed equity $'000**	**Accumulated losses $'000**	**Total equity $'000**
Balance at 1 January 2021	90,621	167	(1,136)	2,010	(78,515)	p
Loss after income tax benefit for the year	-	-	-	-	(21,777)	(21,777)
Other comprehensive income for the year, net of tax	-	-	1,023	1	-	1,024
Total comprehensive income for the year	-	-	1,023	1	(21,777)	(20,753)
Transactions with owners in their capacity as owners:						
Share-based payments (note 35)	-	74	-	-		74
Transfer of reserve	-	(81)	-	-	81	-
Balance at 31 December 2021	90,621	160	(113)	2,011	(100,211)	(7,532)

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

LatAm Autos Limited
Consolidated statement of cash flows
For the year ended 31 December 2021

	Note	Consolidated 2021 $'000	Consolidated 2020 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST and equivalents)		5,244	6,434
Payments to suppliers and employees (inclusive of GST and equivalents)		(6,449)	(11,548)
		(1,205)	(5,114)
Interest received		-	2
Interest and other finance costs paid		(9)	(58)
Net cash used in operating activities	33	(1,214)	(5,170)
Cash flows from investing activities			
Payments for plant and equipment		-	(7)
Payments for intangibles		(337)	(537)
Net cash used in investing activities		(337)	(544)
Cash flows from financing activities			
Proceeds from short term debt facility		335	-
Proceeds from issue of shares		-	5,037
Share buyback		-	(140)
Payment for capital raising costs		-	(441)
Repayment of lease liabilities		-	(152)
Net cash from financing activities		335	4,304
Net decrease in cash and cash equivalents		(1,216)	(1,410)
Cash and cash equivalents at the beginning of the financial year		1,533	3,104
Effects of exchange rate changes on cash and cash equivalents		(44)	(161)
Cash and cash equivalents at the end of the financial year	8	273	1,533

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes

Note 1. General information

The financial statements cover LatAm Autos Limited as a Consolidated Entity consisting of LatAm Autos Limited and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is LatAm Autos Limited's functional and presentation currency.

LatAm Autos Limited is an unlisted public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Registered office	**Principal place of business**
Level 1 108 Queen Street Woollahra New South Wales, 2025 Tel: +61 429 659 512	Latamautos Mexico S de RL de CV Av. Hipolito Taine 244, Polanco Mexico City, Mexico Tel: +52 55 4161 8830

A description of the nature of the Consolidated Entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 5 April 2023. The directors have the power to amend and reissue the financial statements.

Note 2. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted
The Consolidated Entity has adopted all the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Going concern

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

During the financial year ended 31 December 2021, the Consolidated Entity incurred a loss after tax of $21,776,000 (2020: $7,107,000). During the same periods, the Consolidated Entity had net cash outflows from operating activities of $1,214, 000 (2020: $5,170,000). As outlined in Note 32, the consolidated entity has incurred a net loss of $3,712,000 (unaudited) for the financial year 2022.

As at 31 December 2021, the net asset deficiency was $7,532,000, ($11,538,000 at the end of January 2023). The Directors with the Company’s Management are exploring all options available to the Company that will help address the net deficiency. These options include a partial or full sale of the Company’s operations across its operations alongside continued restricting efforts that would allow the Company to operate profitably.

This financial report has been prepared on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. The Directors consider this appropriate having regard to the following factors:

- Signed confirmations have been received confirming the convertible notes of $6,100,000 will not be called on for a period of 12 months from the date of this financial report
- Signed confirmations have been received from directors who will not call on their short-term debt facility for a period of at least 12 months from the date of this financial report
- The consolidated entity has received financial support from the directors for the past several years and believe it is reasonable to assume that this financial support will continue to ensure that the Consolidated Entity can continue to pay its debts as and when they fall due

Should the group be unable to obtain sufficient support as indicated above, there is a material uncertainty as to whether the Group will be able to continue as a going concern.

Note 2. Significant accounting policies (continued)

The financial report does not include any adjustment relating to the recoverability and classification of recorded asset amounts nor to the amounts and classification of liabilities that may be necessary should the Consolidated Entity be unable to continue as a going concern.

New Accounting Standards and Interpretations adopted as at 1 January 2021

The financial statements have been prepared on the basis of accounting consistent with prior year, with the exception of new Accounting Standards, Amendments and Interpretations which became effective for the Consolidated Entity from 1 January 2021. The adoption of these new Standards, Amendments and Interpretations did not have a material impact of the amounts recognised in the current or prior periods.

New Accounting Standards and Interpretations not yet mandatory or early adopted

In March 2021, The IFRS Interpretations Committee (IFRIC) published an agenda decision clarifying how arrangements in relation to configuration and customisation costs of cloud technology, Software-as-a-Service (SaaS), should be accounted for.
• In limited circumstances, certain configuration and customisation activities undertaken in implementing SaaS arrangements may give rise to a separate asset where the customer controls the IP of the underlying software code.
• In all other instances, configuration and customisation costs will be an operating expense. They are generally recognised in profit or loss as the customisation and configuration services are performed or, in certain circumstances, over the SaaS contract term when access to the cloud application software is provided There was no change to Group’s financial statements resulting from this Agenda decision.

These amendments had no impact on the consolidated financial statements of the Consolidated Entity.

Basis of preparation
These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention
The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Critical accounting estimates
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Consolidated Entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Parent entity information
In accordance with the Corporations Act 2001, these financial statements present the results of the Consolidated Entity only. Supplementary information about the parent entity is disclosed in note 29.

Principles of consolidation
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of the Company as at 31 December 2021 and the results of all subsidiaries for the period then ended. The Company and its subsidiaries together are referred to in these financial statements as the 'Consolidated Entity'.

Note 2. Significant accounting policies (continued)

Subsidiaries are all those entities over which the Consolidated Entity has control. The Consolidated Entity controls an entity when the Consolidated Entity is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power he investee. Control is achieved when the company:

- Has the power over the investee
- Is exposed, or has rights, to variable returns from its involvement with the investee
- Has the ability to use its power to affects its returns.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Consolidated Entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Consolidated Entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the Consolidated Entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Consolidated Entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Current and non-current classification
The Consolidated Entity presents current and non-current assets, and current and non-current liabilities, as separate classifications in its statement of financial position. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the entity’s normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting date, or when,
- Cash or a cash equivalent, unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

All other assets are classified as non-current.

A liability is classified as current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting date, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after reporting date.

Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Consolidated Entity presents all other liabilities as non-current.

Operating segments
Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Foreign currency translation
The consolidated financial statements are presented in Australian dollars, which is LatAm’s functional and presentation currency. Items included in the financial statements of each of the Consolidated Entity’s entities are measured using the currency of the primary economic environment in which the entity operates (‘the functional currency’).

Note 2. Significant accounting policies (continued)

Foreign currency transactions
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations
The results and financial position of foreign operations that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

• Assets and liabilities for each consolidated statement of financial position presented are translated at the closing rate at the date of that balance sheet.

• Income and expenses for each consolidated statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions).

• All resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings are taken to other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, a proportionate share of such exchange differences are recognised in the consolidated statement of comprehensive income, as part of the gain or loss on sale where applicable.
Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

Revenue recognition
Revenue from contracts with customers
The Consolidated Entity predominantly derives revenue from the provision of services. Significant contracts with customers depict various performance obligations, such as:

- Classifieds;
- Financial product (Motorfy);
- Advertising;

To determine whether to recognise revenue, the Consolidated Entity follows a 5-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligation(s) are satisfied.

The total transaction price for a contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties.

Revenue is recognised either at a point in time or over time, when (or as) the Consolidated Entity satisfies performance obligations by transferring the promised services to its customers.

Note 2. Significant accounting policies (continued)

Type of revenue	Services	Recognition criteria
Classifieds	Provision of fixed-period vehicle advertising services to both dealer and non-dealer customers	Revenue is recognised over the agreed period of advertising for each identified vehicle. Revenue with dealer customers arises from annual contracts subject to renewal. Revenue from non-dealer customers are short-term and typically for a period of service of 30 days. Dealer customers' credit terms are typically 30 days from commencement of service. Non-dealer customers advertising is prepaid.
Financial product (Motorfy)	Revenue is generated from the provision of qualified leads to financial institutions. The right to payment occurs upon a loan being written by that financial institution to the qualified lead.	Revenue is recognised at the point in time at which the service is performed, subject to the principles of constraint. Revenue is constrained until it is highly probable that there will not be a significant reversal of revenue, which, in relation to the product, is the time at which the loan is written.
Advertising	Revenue is generated from the provision of advertising services	Revenue is recognised as and when the advertising services are provided.

The Consolidated Entity recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as liabilities in the Statement of financial position.

Other revenue
Other revenue is recognised when it is received or when the right to receive payment is established.

Interest income
Interest income is recognised on a time proportionate basis using the effective interest method.

Income tax
The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:
- When the deferred income tax asset or liability arises from the initial recognition of goodwill or 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 nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Note 2. Significant accounting policies (continued)

Discontinued operations
A discontinued operation is a component of the Consolidated Entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately on the face of the statement of profit or loss and other comprehensive income.

Current and non-current classification
Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Consolidated Entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Consolidated Entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Cash and cash equivalents
Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments 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.

Financial assets at amortised cost
A financial asset is measured at amortised cost only if both of the following conditions are met: (i) it is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and (ii) the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

Impairment of financial assets
The Consolidated Entity recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the Consolidated Entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset’s carrying value with a corresponding expense through profit or loss.

Property, plant and equipment
Plant and equipment are stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment over their expected useful lives as follows:

Plant and equipment 3 to 10 years

Note 2. Significant accounting policies (continued)

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Consolidated Entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Leases
The determination whether an arrangement is a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease fulfilment of the arrangement is dependent on the use of a specific asset and the arrangement conveys a right to use the asset, even if that asset is not explicitly in an arrangement.

The Consolidated Entity as a lessee AASB 16
The Consolidated Entity applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Consolidated Entity recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

At the commencement date of a lease, the Consolidated Entity recognises a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful life of the assets.

The Consolidated Entity separately recognises the interest expense on the lease liability and the depreciation expense on the right-of-use asset. The Consolidated Entity will remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term and a change in the future lease payments resulting from a change in an index or rate used to determine those payments). The Consolidated Entity will generally recognise the amount of the remeasurement of the lease liability as an adjustment of the right-of-use asset.

The Consolidated Entity has chosen to account for short-term leases and leases of low-value assets using practical exemptions, so instead of recognizing a right-of-use asset and a lease liability, the payments in relation to these are recognized as an expense in results on a linear basis during the term of the lease.

Intangible assets
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.

Intangible assets with indefinite useful lives are not amortised, but treated for impairment annually, either individually or at the cash generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. Amortisation expense is included in depreciation and amortisation expense in the Statement of profit or loss and other comprehensive income.

The gains or losses recognised in profit or loss arising from the 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 consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Note 2. Significant accounting policies (continued)

Goodwill
Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date).

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for 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 Consolidated Entity's interest in the fair value of the acquiree's identifiable net assets 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 equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purposes of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the LatAm Combined Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquire are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash generating unit retained.

Software
Costs incurred in developing products or systems and costs incurred in acquiring software and licenses that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to software and systems. Costs capitalised include external direct costs of materials and service and direct payroll and payroll related costs of employees' time spent on the project. Amortisation is calculated on a straight-line basis generally over 3-5 years. IT development costs include only those costs directly attributable to the development phase and are only recognised following completion of technical feasibility and where the Consolidated Entity has an intention and ability to use the asset.

Content, domain names and trademarks / software
When these assets are acquired as part of a business combination they are recognised separately from goodwill. The assets are carried at their fair value at the date of acquisition less accumulated amortisation and impairment losses. Amortisation is calculated based on the timing of projected cash flows of the contracts over their estimated useful lives, as follows:

Domain names and trademarks – 10 to 15 years
Software – 3 to 5 years

Impairment of non-financial assets
Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

For the purpose of impairment testing, goodwill is allocated to each of the Consolidated Entity's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Note 2. Significant accounting policies (continued)

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Financial instruments
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Recognition and derecognition
Financial assets and financial liabilities are recognised when the Consolidated Entity becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires

Classification and initial measurement of financial assets
Financial assets are classified according to their business model and the characteristics of their contractual cash flows. Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with AASB 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Subsequent measurement of financial assets
For the purpose of subsequent measurement, financial assets, other than those designated and effective as hedging instruments, are classified into the following four categories:

- Financial assets at amortised cost
- Financial assets at fair value through profit or loss (FVTPL)
- Equity instruments at fair value through other comprehensive income (FVTOCI)
- Debt instruments at fair value through other comprehensive income (FVTOCI)

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Financial assets at amortised cost
Financial assets with contractual cash flows representing solely payments of principal and interest and held within a business model of ‘hold to collect’ contractual cash flows are accounted for at amortised cost using the effective interest method. The Consolidated Entity’s trade and most other receivables fall into this category of financial instruments that were previously classified as loans and receivables under AASB 139.

The Consolidated Entity does not have any financial instrument in the categories FVTPL, Equity FVTOCI and Debt FVTOCI.

Impairment of financial assets
The Consolidated Entity recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the Consolidated Entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

Note 2. Significant accounting policies (continued)

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

Trade and other receivables and contract assets
The Consolidated Entity uses a simplified approach in accounting for trade and other receivables and records the loss allowance at the amount equal to the expected lifetime credit losses. In using this practical expedient, the Consolidated Entity uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

Classification and measurement of financial liabilities

The Consolidated Entity's financial liabilities include trade and other payables and convertible note.

Financial liabilities are initially measured at fair value, and, where and to the extent applicable, adjusted for transaction costs unless the Consolidated Entity designate a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments). All interest-related charges and if applicable charges in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

Trade and other payables
These amounts represent liabilities for goods and services provided to the Consolidated Entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Provisions
Provisions are recognised when the Consolidated Entity has a present (legal or constructive) obligation as a result of a past event, it is probable the Consolidated Entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Employee benefits

Short-term employee benefits
Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits
The liability for annual leave and long service leave not expected to be settled wholly within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Defined contribution superannuation expense
Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Share-based payments
Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Note 2. Significant accounting policies (continued)

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions is measured at fair value on grant date. Fair value is independently determined using either the Binomial Option Valuation model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the Consolidated Entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions is recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Binomial or Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore, any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the Consolidated Entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the Consolidated Entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Earnings per share

Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to the owners of LatAm Autos Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Note 2. Significant accounting policies (continued)

Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Goods and Services Tax ('GST') and other similar taxes
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

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

Rounding of amounts
The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Provision for impairment of receivables (Note 9)
The provision for impairment of receivables assessment requires a degree of estimation and judgement. The level of provision is assessed by taking into account the recent sales experience, the ageing of receivables, historical collection rates and specific knowledge of the individual debtor's financial position.

Estimation of useful lives of assets (Notes 12 and 13)
The Consolidated Entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Goodwill and other indefinite life intangible assets (Note 13)
The Consolidated Entity tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 2. The recoverable amounts of cash-generating units have been determined based on 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 which the estimates of future cash flows have not been adjusted. As a result of the analysis performed, the Consolidated Entity has impaired 100% of Goodwill and other intangibles.

Note 3. Critical accounting judgements, estimates and assumptions (continued)

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets (Note 13)
The Consolidated Entity assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the Consolidated Entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value in use calculations, which incorporate a number of key estimates and assumptions.
As a result of the analysis performed, the Consolidated Entity has impaired 100% of Goodwill and other intangibles.
Income tax (Note 7)
The Consolidated Entity is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Consolidated Entity recognises liabilities for anticipated tax audit issues based on the Consolidated Entity's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Recovery of deferred tax assets (Note 7)
Deferred tax assets are recognised for deductible temporary differences only if the Consolidated Entity considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Incremental borrowing rate
Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on the Consolidated Entity´s current obligations with third parties.

Note 4. Operating segments

Identification of reportable operating segments
The Consolidated Entity operates in one industry, being the provision of online auto classified services, and there are two operating business segments that are determined on the basis of geographic locations.

The operating segments are analysed by the Chief Executive Officer and the Board of Directors (collectively identified as the Chief Operating Decision Makers ('CODM')), based on the internal reports that are reviewed and used by the CODM in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

The CODM reviews revenues, relevant expenses and Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA). The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

The information reported to the CODM is on at least a monthly basis.

The reportable segments are:
  Mexico
  Ecuador

Business activities are also carried out in Bolivia, however these are not material and, for the purposes of reporting to the CODM, this financial information is included in the Ecuador reportable segment.

Intersegment transactions
There were no material intersegment transactions during the reporting period.

Major customers
The Mexican segment had a major from whom greater than 10% of revenue was derived during the year $1,936,000 (2020: $2,396,000).

Note 4. Operating segments (continued)

Operating segment information, including reconciliation to Group totals

Consolidated - 2021	Argentina $'000	Ecuador $'000	Panama $'000	Mexico $'000	Peru $'000	Total $'000
Revenue						
Sales to external customers	-	1,205	-	3,315	-	4,520
Operating expenses	-	(1,366)	-	(4,267)	-	(5,633)
EBITDA	**-**	**(161)**	**-**	**(952)**	**-**	**(1,113)**

Consolidated - 2020	Argentina $'000	Ecuador $'000	Panama $'000	Mexico $'000	Peru $'000	Total $'000
Revenue						
Sales to external customers	-	1,018	-	3,740	23	4,781
Operating expenses	(12)	(1,393)	(2)	(5,002)	(48)	(6,457)
EBITDA	**(12)**	**(375)**	**(2)**	**(1,262)**	**(25)**	**(1,676)**

The segment report above has been prepared on a local statutory basis. Mexico is invoiced for various expenses of other countries for operational reasons. In 2021 Mexico had approximately $343,000 (2020: $214,000) worth of operating expenses that relate to other countries that the Company operates in. If this amount was to be reallocated Mexico´s operating expenses would decrease by approximately $343,000 (2020: $214,000) and other countries operating expenses would increase by the same value.

The total Revenue and Loss after income tax presented in the Consolidated Entity's operating segments reconcile to the corresponding key financial figures as presented in its Statement of profit or loss and other comprehensive income as follows:

	Consolidated 2021 $'000	Consolidated 2020 $'000
Revenue		
Total reportable segment revenues	4,520	4,781
Interest income	-	2
Other revenue	65	490
Group revenues	4,585	5,273

	Consolidated 2021 $'000	Consolidated 2020 $'000
Profit or loss		
Total reportable segment EBITDAs	(1,113)	(1,676)
Interest income	-	2
Other revenue	65	490
Foreign exchange loss	11	(49)
Financial expenses	(555)	(581)
Depreciation and amortisation expenses	(828)	(1,204)
Share-based payments expense	(74)	-
Impairment of assets including goodwill	(18,739)	(1,999)
Other non-reportable segment expenses	(958)	(1,938)
Income tax (expense)/benefit	415	(152)
	(21,776)	(7,107)

Note 4. Operating segments (continued)

Geographical information

	Sales to external customers		Geographical non-current assets	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Australia	-	-	-	1
Ecuador	1,205	1,018	40	9,277
Panama	-	-		6
Mexico	3,315	3,740	46	6,990
Peru	-	23	-	-
	4,520	4,781	86	16,274

The geographical non-current assets above are exclusive of, where applicable, financial instruments, deferred tax assets, post-employment benefits assets and rights under insurance contracts.

Note 5. Revenue

	Consolidated	
	2021 $'000	2020 $'000
From continuing operations		
Revenue from contracts with customers		
Sales revenue	4,520	4,781
Other revenue		
Other revenue	65	476
Revenue from continuing operations	4,585	5,257

Sales revenue recognised during the financial year ended 31 December 2021 includes $432,000 (2020: $437,000) that was included in the opening balance of Contract liabilities - deferred revenue at the beginning of the corresponding period.

Note 5. Revenue (continued)

Disaggregation of revenue
The disaggregation of revenue from contracts with customers is as follows:

Consolidated - 2021	Classifieds $'000	Motorfy $'000	Total $'000
Geographical regions			
Mexico	1,220	2,095	3,315
Ecuador	1,186	19	1,205
	2,406	2,114	4,520

Consolidated - 2020	Classifieds $'000	Motorfy $'000	Total $'000
Geographical regions			
Mexico	1,487	2,253	3,740
Ecuador	982	36	1,018
Peru	23	-	23
	2,492	2,289	4,781

The Consolidated Entity revenue disaggregated by pattern of revenue recognition is as follows:

Consolidated - 2021

	Mexico $'000	Ecuador $'000	Peru $'000	Total $'000
Services provided at a point in time	2,499	901	-	3,400
Services transferred over time	816	304	-	1,120
	3,315	1,205	-	4,520

Consolidated - 2020

	Mexico $'000	Ecuador $'000	Peru $'000	Total $'000
Services provided at a point in time	2,882	748	23	3,653
Services transferred over time	858	270	-	1,128
	3,740	1,018	23	4,781

Note 6. Expenses

	Consolidated	
	2021	**2020**
	$'000	**$'000**
Loss before income tax from continuing operations includes the following specific expenses:		
Depreciation		
Plant and equipment	46	70
Right-of-use assets	-	210
Total depreciation	46	280
Amortisation		
Software	624	761
Domain names and trademarks	158	163
Total amortisation	782	924
Total depreciation and amortisation	828	1,204
Impairment		
Plant and equipment	-	1
Receivables	77	75
Deferred tax asset	572	-
Goodwill, other intangibles and software	16,710	1,923
Sales tax receivables	1,380	-
Total impairment	18,739	1,999
Finance costs		
Interest expense	547	524
Interest and finance charges paid/payable on lease liabilities	-	7
Commissions, bank fees and transaction fees	8	50
Finance costs expensed	555	581
Leases		
Minimum lease payments	92	44
Employee benefits		
Defined contribution superannuation expense	200	167
Share-based payments expense - equity-settled	74	-
Employee benefits expense excluding superannuation and share-based payments	2,873	3,801
Total employee benefits	3,147	3,968

Note 7. Deferred tax and Income tax (expense)/benefit

	Consolidated 2021 $'000	Consolidated 2020 $'000
Income tax (expense)/benefit		
Current tax	-	-
Deferred tax - origination and reversal of temporary differences	415	(152)
Aggregate income tax (expense)/benefit	415	(152)
Deferred tax included in income tax (expense)/benefit comprises:		
Decrease/(increase) in deferred tax assets	(29)	(383)
Increase/(decrease) in deferred tax liabilities	444	231
Deferred tax - origination and reversal of temporary differences	415	(152)
Numerical reconciliation of income tax (expense)/benefit and tax at the statutory rate		
Loss before income tax (expense)/benefit from continuing operations	(22,191)	(6,955)
Loss before income tax expense from discontinued operations	(1)	(9)
	(22,192)	(6,964)
Tax at the statutory tax rate of 25% (2021) 27.5% (2020)	(5,548)	(1,915)
Income tax (expense)/benefit	415	(152)

Deferred taxes arising from temporary differences are summarised as follows:

	Consolidated					
	1 January 2021 $'000	Recognised in profit or loss $'000	Recognised in equity $'000	Impairment /Adjustment $'000	FX Adjustment $'000	31 December 2021 $'000
Deferred tax asset:						
Provisions	45	(3)	-	(43)	1	-
Other temporary differences	155	(26)	-	(133)	4	-
Transaction costs on share issue	229	-	-	(229)	-	-
	429	(29)	-	(405)	5	-
Deferred tax liabilities:						
Provisions	-	(11)	-	-	-	(11)
Intangibles	(286)	455	-	(167)	(2)	-
	(286)	444	-	(167)	(2)	(11)

As the Consolidated Entity has not generated profits since inception, and the temporary differences were recorded under the assumption that the Consolidated Entity considered probable to generate future taxable amounts to utilse those differences, the whole amount has been impaired.

Note 8. Discontinued operations (continued)

	Consolidated					
	1 January 2020	**Recognised in profit or loss**	**Recognised in equity**	**Impairment /Adjustment**	**FX Adjustment**	**31 December 2020**
	$'000	$'000	$'000	$'000	$'000	$'000
Deferred tax asset:						
Provisions	287	(224)	-	-	(18)	45
Other temporary differences	318	(123)	-	(16)	(24)	155
Transaction costs on share issue	265	(36)	-	-	-	229
	870	(383)	-	(16)	(42)	429
Deferred tax liabilities:						
Intangibles	(667)	231	-	84	66	(286)
	(667)	231	-	84	66	(286)

The amounts of unused tax losses for which no deferred tax asset has been recognised were $52,552 for the year ended 31 December 2021 (31 December 2020: $55,195) and the potential tax benefit at statutory tax rates was $15,056 for the year ended 31 December 2021 (31 December 2020: $15,704).

Note 8. Cash and cash equivalents

	Consolidated	
	2021	**2020**
	$'000	**$'000**
Cash at bank	273	1,533

Note 9. Trade and other receivables

	Consolidated	
	2021	**2020**
	$'000	**$'000**
Trade receivables	979	916
Less: Allowance for expected credit losses	(333)	(331)
Less: Impairment of trade receivables	(24)	-
	622	585
Other accounts receivable	115	114
Taxes receivable – current	48	1,149
	785	1,848

Note 9. Trade and other receivables (continued)

Allowance for expected credit losses
The Consolidated Entity has recognised an allowance of expected credit losses of trade receivables of $102,000 in profit or loss in respect the year ended 31 December 2021 (31 December 2020: $67,000).

Impairment of trade receivables
The Consolidated Entity has recognised impairment of $24,000 for accounts receivables invoiced in 2021 and are due more than a year at the date of this report.

Note 24 includes disclosures relating to the credit risk exposures and analysis relating to the allowance for expected credit losses. Both the current and comparative impairment provisions apply the AASB 9 expected loss model

Taxes receivable - current
Represents the following:
- Income tax paid in advance to the tax authority, as the Consolidated Entity has not generated profits the amount is 100% claimable.
- VAT and Income tax withheld by clients according to the Ecuadorian tax requirements.

Movements in the allowance for expected credit losses are as follows:

	Consolidated	
	2021	**2020**
	$'000	**$'000**
Opening balance	331	781
Additional provisions recognised	102	67
Written off	(108)	(408)
Foreign exchange	8	(109)
Closing balance	333	331

Note 10. Prepayments

	Consolidated	
	2021	**2020**
	$'000	**$'000**
Prepayments - current	123	159

Note 11. Other receivables

	Consolidated	
	2021	**2020**
	$'000	**$'000**
Taxes receivable - non-current	-	589

Taxes receivable - non-current
Represents the amount of VAT receivable and Tax withheld by clients which the Consolidated entity has not been able to claim or offset with VAT payable and the balance has been in the accounting for more than 12 moths. The taxes receivable via claim are in claim process with local tax authorities.

The Consolidated Entity, at the end of 2022, as part of the impairment analysis, evaluated the recoverability of the non-current taxes, despite being in a claim process the Consolidated Entity concluded that the amount had to be impaired as the process has taken more time than expected and the Tax Authority has released two preliminary negative responses to the requirement.

Note 12. Plant and equipment

	Consolidated 2021 $'000	Consolidated 2020 $'000
Plant and equipment - at cost	704	713
Less: Accumulated depreciation	(618)	(587)
	86	126

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Plant & equipment $'000
Balance at 1 January 2020	279
Additions	8
Disposals	(49)
Exchange differences	(46)
Depreciation expense	(66)
Balance at 31 December 2020	126
Additions	1
Disposals	(8)
Exchange differences	5
Depreciation expense	(38)
Balance at 31 December 2021	86

Note 13. Intangible assets

	Consolidated 2021 $'000	Consolidated 2020 $'000
Goodwill - at cost	14,605	15,776
Less: Impairment	(14,605)	(1,923)
	-	13,853
Software - at cost	8,810	8,166
Less: Accumulated amortisation - software	(7,983)	(7,197)
Less: Impairment	(827)	-
	-	969
Domain names and trademarks - at cost	2,490	2,375
Less: Accumulated amortisation - domain names and trademarks	(1,212)	(1,049)
Less: Impairment	(1,278)	-
	-	1,326
	-	16,148

Note 13. Intangible assets (continued)

Software and other finite life intangible asset are periodically reviewed for their useful life and recoverable values and adjusted appropriately.

Identifiable intangible assets with finite lives - remaining amortisation periods

Domain names and trademarks - fully amortised
Software - fully amortised
Content - fully amortised

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	**Domain names and trademarks $'000**	**Software $'000**	**Goodwill $'000**	**Total $'000**
Balance at 1 January 2020	1,762	1,662	17,692	21,116
Additions	-	349		349
Amortisation expense	(163)	(761)		(924)
Impairment of assets	-	-	(1,923)	(1,923)
Exchange differences	(273)	(281)	(1,916)	(2,470)
Balance at 31 December 2020	1,326	969	13,853	16,148
Additions	-	379		379
Amortisation expense	(158)	(624)		(782)
Impairment of assets	(1,278)	(827)	(14,605)	(16,710)
Exchange differences	110	103	752	965
Balance at 31 December 2021	-	-	-	-

For the purpose of ongoing annual impairment testing, Goodwill is allocated to the following cash-generating units (“CGUs”), which are the units expected to benefit from the synergies of the business combinations in which the goodwill arises.

	Consolidated 2021 $'000	**Consolidated 2020 $'000**
Demotores.com.mx & Seminuevos.com (Mexico)	-	6,528
PatioTuerca.com (Ecuador, Panama, Bolivia)	-	7,325
Goodwill allocation at 31 December	-	13,853

Note 13. Intangible assets (continued)

Impairment testing and key assumptions

The Consolidated Entity tests whether goodwill and other intangible assets have suffered any impairment in accordance with the Consolidated Entity´s accounting policies. In addition, directors have considered the impact on accounting policies, judgements and estimates in light of the ongoing post COVID-19 recovery.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (CGUs).

The directors have assessed the recoverable value having regard to a *value in use* approach and have determined an impairment for the Consolidated Entity of $16.7 million (Mexico $7.1 million and Ecuador $9.6 million). The impairment has been recognised as a result of the value in use is lower (negative) than the carrying value of the intangibles, including goodwill and other intangibles.

The most significant judgements and key assumptions pertaining to the calculation are:

Discount rate	The discount rates reflect appropriate adjustments relating to market risk and specific risk factors. The pre-tax discount rate for each CGU (Mexico and Ecuador) is 20%
Growth Rate	The growth rates reflect forecasted revenue averaging 40% for Mexico and 76% for Ecuador. Medium-term growth rates are linked to market opportunities and Motorfy development in Mexico
Terminal Growth Rate	The long-term growth rate for the CGU is 3% (real rate)
Cash Flow Forecasts	Cash flow calculations use cash flow projections based on the financial forecast approved by management covering a 5 year period which are based on historical performance which has seen negative cash flows.
Capital expenditure	Capital expenditure to maintain and enhance the existing technologies has been projected for the forecast period at an average of $300,000 per annum.

Note 14. Trade and other payables

	Consolidated	
	2021 $'000	2020 $'000
Trade payables	1,370	1,019
Sales tax payable	145	95
Other payables	26	36
	1,541	1,150

Refer to note 24 for further information on financial instruments.

Note 15. Employee benefits

	Consolidated	
	2021 $'000	2020 $'000
Employee benefits	189	114

Note 16. Provisions

	Consolidated 2021 $'000	Consolidated 2020 $'000
Provisions - labour and regulatory costs	24	28

Labour and regulatory costs
The provision represents management's estimate of labour-related and regulatory-related costs arising from past activities which are not currently payable and in relation to which no confirmation of liability has yet been ascertained but which may become payable in the future upon provision of relevant documentation.

Movements in provisions
Movements in each class of provision during the current financial period are set out below:

Consolidated - 2021	**Labour and regulatory costs $'000**
Carrying amount at the start of the year	28
Provision realized	(4)
Carrying amount at the end of the year	24

Note 17. Contract liabilities - deferred service income

	Consolidated 2021 $'000	Consolidated 2020 $'000
Contract liabilities - deferred revenue service income	440	432

Note 18. Employee benefits

	Consolidated 2021 $'000	Consolidated 2020 $'000
Employee benefits	154	116

Note 19. Financial liabilities

	Consolidated 2021 $'000	Consolidated 2020 $'000
Convertible note carried at amortised cost	6,105	5,559
Short-Term Debt Facility	335	-
	6,440	5,559

Note 19. Financial liabilities (continued)

The key terms of the Notes as at 31 December 2021 were:
- 3 year term
- 8% p.a. interest rate paid quarterly or capitalised
- Fixed conversion price of 16 cents before Oct-2019 redemption
- Fixed conversion price of 10 cents after Oct-2019 redemption
- The convertible notes are secured over the Company's Mexican and Ecuadorean wholly owned subsidiaries
- The convertible notes can be repaid at any time by LatAm Autos, where noteholders can elect to receive the money owing in either cash or ordinary shares in LatAm Autos at 10 cents. Conversion into ordinary shares will be subject to requisite regulatory and shareholder approvals

The convertible note is a compound financial instrument which contains debt and equity components.

- In October 2018 the company applied a partially early redemption. The total amount redeemed was $3.8 million paid $2.9 million in cash and $855,000 in shares. This payment did not change the original conditions of the convertible note in terms of time, interest or conversion price.

- In October 2019 the company applied a partially early redemption. The total amount redeemed was $3.2 million paid 100% in shares. After this redemption some conditions changed. The conversion price moved from $16 cents to $10 cents and the maturity date moved from April 2020 to July 2021.

- In February 2022, the Noteholders have agreed to extend the Maturity Date of the Convertible note, which was due to expire in July 2021, to March 2023. There were no changes in conversion price neither in interest rate.

- In February 2023, as part of the financial support provided to the company, the Note Holders agreed not to call the Convertible Note for a period of 12 months from the date of the report. There were no changes in conversion price neither in interest rate.

The key terms of the Short-Term Debt Facility as at 31 December 2021 were:
- Facility Limit: $400,000. Utilized as at 31-Dec-2021 $335,000
- 2% interest rate p.a.
- Maturity date 1 February 2022
- In February 2022, the Company agreed with the lender to extend the Maturity Date from 1 February 2022 to 1 March 2023
- In February 2023, the lender has agreed not to call the Short-Term Debt Facility for a period of 12 months from the date of the report. There were no changes in conversion price neither in interest rate.

	Consolidated	
	2021 $'000	2020 $'000
Convertible notes at amortised cost	5,559	5,036
Interest expense	546	523
	6,105	5,559

Note 20. Issued capital

	Consolidated			
	2021 Shares	2020 Shares	2021 $'000	2020 $'000
Ordinary shares - fully paid	763,004,820	763,004,820	90,621	90,621

Note 20. Issued capital (continued)

Movements in ordinary share capital

Details	Date	Shares	Issue price	$'000
Balance	31 December 2019	591,867,317		85,546
Shares issued to Directors in lieu of fees	14 January 2020	219,696	$0.0550	12
Issue of shares for consulting services rendered	24 April 2020	1,021,276	$0.0470	48
Issue of placement shares	4 May 2020	53,569,964	$0.0300	1,607
Issue of placement shares	4 May 2020	76,282,607	$0.0300	2,288
Issue of placement shares	4 May 2020	37,849,657	$0.0300	1,141
Buy-back shares	4 May 2020	(4,459,243)	$0.0300	(134)
Shares issued to Directors in lieu of fees	19 August 2020	1,018,333	$0.0300	31
Issue of shares for consulting services rendered	19 August 2020	388,375	$0.0405	16
Issue of shares for consulting services rendered	19 August 2020	605,585	$0.0173	10
Issue of shares for consulting services rendered	31 December 2020	1,227,208	$0.0128	16
Issue of shares for consulting services rendered	31 December 2020	2,116,935	$0.0124	26
Issue of placement shares 2018 STI program	31 December 2020	1,297,110	$0.2000	259
Cost of issuing shares		-	$0.0000	(245)
Balance	31 December 2020 & 31 December 2021	763,004,820		90,621

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Share buy-back
There is no current on-market share buy-back.

Capital risk management
The Consolidated Entity's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the Consolidated Entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Note 21. Other contributed equity

	Consolidated	
	2021 $'000	2020 $'000
Convertible note	1,394	1,394
Other contributed equity	617	616
	2,011	2,010

Note 22. Reserves

	Consolidated 2021 $'000	Consolidated 2020 $'000
Foreign currency reserve	(113)	(1,136)
Share-based payments reserve	160	167
	47	(969)

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

Share-based payments reserve
The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services.

Movements in reserves
Movements in each class of reserve during the current and previous financial year are set out below:

Consolidated	Share based payments reserve $'000	Foreign currency Translation reserve $'000	Total $'000
Balance at 1 January 2020	110	1,722	1,832
Foreign currency translation	-	(2,858)	(2,858)
Share based employee incentives expense	80	-	80
Adjustment previous year	(23)	-	(23)
Balance at 31 December 2020	167	(1,136)	(969)
Foreign currency translation	-	1,023	1,023
Share based employee incentives expense	74	-	74
Adjustment previous year	(81)	-	(81)
Balance at 31 December 2021	160	(113)	47

Note 23. Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Note 24. Financial instruments

Financial risk management objectives
The Consolidated Entity's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The Consolidated Entity'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 Consolidated Entity. The Consolidated Entity uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, ageing analysis for credit risk and beta analysis in respect of investment portfolios to determine market risk.

Note 24. Financial Instruments (continued)

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the Consolidated Entity and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the Consolidated Entity's operating units. Finance reports to the Board on a monthly basis.

Market risk

Foreign currency risk
Foreign exchange risk arises from commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

The Consolidated Entity derives approximately 100% of its revenue, incurs the majority of its costs, and has the majority of its assets and liabilities located in, or arising from activities carried out via subsidiary companies incorporated in countries outside of Australia, namely Mexico, Ecuador and Peru. The activities of the subsidiary companies in these countries are denominated in their respective functional currencies as follows:

- Mexico - Mexican peso (MXN)
- Ecuador and Panama - US dollar (USD)
- Peru - Peruvian nuevo sol (PEN)

This exposure could have a material effect on the results of the Consolidated Entity, in particular the exchange differences arising from the translation of the Consolidated Entity's net investment in the respective subsidiary companies.

The Consolidated Entity as at 31 December 2021 does not maintain significant US dollar balances or bank accounts.

The average exchange rates and reporting date exchange rates applied were as follows:

	Average exchange rates		Reporting date exchange rates	
	2021	**2020**	**2021**	**2020**
Australian dollars				
Argentine peso (ARS)	69.7270	53.4434	74.6512	64.8029
Mexican peso (MXN)	15.1173	14.3020	14.8903	15.3443
Peruvian nuevo Sol (PEN)	2.8407	2.5551	2.9008	2.7806
US dollar (USD)	0.7489	0.7368	0.7271	0.7706

The carrying amount of the Consolidated Entity's foreign currency denominated financial assets and financial liabilities at the reporting date were as follows:

	Assets		Liabilities	
Consolidated	**2021 $'000**	**2020 $'000**	**2021 $'000**	**2020 $'000**
US dollar	11	460	73	59

The Consolidated Entity had net financial liabilities denominated in foreign currencies of $A62,000 (assets $A11,000 less liabilities A$73,000) as at 31 December 2020 (31 December 2020 - net financial assets denominated in foreign currencies of $A401,000).

Due to low level of exposure to US dollar as at 31 December 2021, a change in the exchange rate of +/- 2% will have no impact on the figures reported. This percentage has been determined based on the average market volatility in exchange rates in the previous three months across the relevant currencies. The sensitivity analysis is based on the Consolidated Entity’s relevant foreign currency assets and liabilities held at reporting date.

Price risk
The Consolidated Entity is not exposed to any significant price risk.

Note 24. Financial Instruments (continued)

Interest rate risk
As at reporting date the Consolidated Entity has cash at bank of $273,000; a Convertible Note and a Short-term facility. Cash at bank is held in a number of bank accounts, operated by the Consolidated Entity's subsidiaries and its head office function, some of which are interest-bearing and some of which are not.

Accordingly, the Consolidated Entity's main interest rate risk arises from fluctuations in variable bank deposit rates and their impact on interest revenue. This risk is currently considered immaterial.

An analysis by remaining contractual maturities in shown in 'liquidity and interest rate risk management' below.

Credit risk
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Consolidated Entity.

The Consolidated Entity is exposed to this risk for various financial instruments, for example by generating trade receivables from sales, depositing cash in bank accounts, generating sales tax receivables from various taxing authorities etc. The Consolidated Entity’s maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at the reporting date, as summarised below:

The Consolidated Entity has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the Consolidated Entity based on recent sales experience, historical collection rates and forward-looking information that is available.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

	Consolidated	
	2021	**2020**
	$'000	**$'000**
Classes of financial assets		
Cash at bank	273	1,533
Trade accounts receivable	622	585
Other accounts receivable – current	115	114
Total financial assets	1,010	2,232

The Consolidated Entity has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The maximum exposure to credit risk at the reporting date to recognised financial assets is 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. The Consolidated Entity does not hold any collateral.

The Consolidated Entity continuously monitors defaults of customers and other counterparties, identified either individually or by group and incorporates this information into its credit risk controls. Where available at reasonable cost, external credit ratings and/or reports on customers and other counterparties are obtained and used. The Consolidated Entity's policy is to deal only with creditworthy counterparties.

Other than trade receivables, the Consolidated Entity's main counterparties are major, reputable banks and government sales tax authorities. The Consolidated Entity is satisfied that the risk of default on the part of these counterparties is low.

Note 24. Financial Instruments (continued)

In respect of trade and other receivables, the Consolidated Entity is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics other than Credito Real which paused disbursement due to internal issues that ended in a judicial liquidation in July 2022. At 31 December 2021, the total receivable amount from Credito Real was $10,700 and as at the date of this report there they have been subsequently paid. Trade receivables consist of a large number of customers in various industries and geographical areas. Based on historical information about customer default rates management consider the credit quality of trade receivables that are not past due or impaired to be good other than what is stated above.

Details, as at reporting date, of trade receivables past due and trade receivables assessed as impaired are set out in Note 9.

The Consolidated Entity’s management considers that all of the above financial assets that are not impaired or past due at the reporting date are of good credit quality.

Liquidity risk
Vigilant liquidity risk management requires the Consolidated Entity to maintain sufficient liquid assets (mainly cash and cash equivalents)

The Consolidated Entity manages liquidity risk by maintaining adequate cash reserves by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Remaining contractual maturities
The following tables detail the Consolidated Entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

Consolidated – 2021	Weighted average interest rate %	1 year or less $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Remaining contractual maturities $'000
Non-derivatives						
Non-interest bearing						
Trade payables	-	1,294	-	-	-	1,294
Other payables	-	26	-	-	-	26
Interest-bearing						
Liability component C-Note	8.00%	6,105	-	-	-	6,105
Total non-derivatives		7,425	-	-	-	7,425

Consolidated – 2020	Weighted average interest rate %	1 year or less $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Remaining contractual maturities $'000
Non-derivatives						
Non-interest bearing						
Trade payables	-	990	-	-	-	990
Other payables	-	36	-	-	-	36
Interest-bearing						
Liability component C-Note	8.00%	5,559	-	-	-	5,559
Total non-derivatives		6,585	-	-	-	6,585

Note 24. Financial Instruments (continued)

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Fair value of financial instruments
Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

Note 25. Key management personnel disclosures

Compensation
The aggregate compensation made to directors and other members of key management personnel of the Consolidated Entity is set out below:

	Consolidated	
	2021	**2020**
	$	**$**
Short-term employee benefits	399,136	684,296
Post-employment benefits	1,690	7,316
Share-based payments	53,600	65,466
	454,426	757,078

Note 26. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Grant Thornton Audit Pty Ltd, the auditor of the Company, and its network firms:

	Consolidated	
	2021	**2020**
	$	**$**
Audit services - Grant Thornton Audit Pty Ltd		
Audit or review of the financial statements	59,853	76,700
Other services - Grant Thornton		
Tax consulting	-	12,500
	59,853	89,200
Audit services - network firms		
Audit or review of the financial statements	29,909	35,552

Note 27. Contingent liabilities

The Consolidated Entity has recognised a total of $49,000 in relation to labour trials in the non-operating Argentinean subsidiary. There are no other known material contingent liabilities in relation to the Consolidated Entity at the end of the reporting period.

Note 28. Related party transactions

Parent entity
LatAm Autos Limited is the parent entity.

Note 28. Related party transactions (continued)

Subsidiaries
Interests in subsidiaries are set out in note 30.

Associates
Interests in associates are set out in note 31.

Key management personnel
Disclosures relating to key management personnel are set out in note 25 and the remuneration report included in the directors' report.

Transactions with related parties
During the financial year ended 31 December 2021, there was a related party transaction between Louis Joseph, Non-executive Director and shareholder, who provided a Short-Term Debt Facility of $400,000 with interest rate of 2% p.a. and a maturity term in February 2022. The company utilized $335,000 of the Short-Term Debt Facility and agreed to extend the maturity to March 2023.

During the financial year ended 31 December 2021, the Consolidated Entity has accrued interest of $546,000 of interest in relation to the Convertible Note that the Company has with Log Creek Pty Ltd (an entity which is associated with a Director, Michael Fitzpatrick) and Startive Ventures Inc. (an entity which is associated with a Director, Simon Clausen). Also, the maturity date was agreed to change from July 2021 to March 2023

During the financial year ended 31 December 2021, there was a related party transaction between Don Handley and the Consolidated Entity in relation to administrative services, at a total amount of $3,000. The beneficiary of the service was the Australian Company.

During the financial year ended 31 December 2021, there was a related party transaction between Jacobo Moreno and the Consolidated Entity in relation to CTO services, at a total amount of $139,000. The beneficiary of the service was the Ecuadorian Company Latamautos Corporacion S.A..

Receivable from and payable to related parties
There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Terms and conditions
All transactions were made on normal commercial terms and conditions and at market rates.

Note 29. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent	
	2021 $'000	**2020 $'000**
Loss after income tax	(17,706)	(1,408)
Total comprehensive income	(17,706)	(1,408)

Note 29. Parent entity information (continued)

Statement of financial position

	Parent 2021 $'000	Parent 2020 $'000
Total current assets	2	930
Total assets	2	24,315
Total current liabilities	7,024	460
Total liabilities	7,024	6,019
Equity		
Issued capital	90,621	90,621
Other contributed equity	1,771	1,771
Foreign currency reserve	(96)	(223)
Share-based payments reserve	160	167
Accumulated losses	(99,478)	(74,040)
Total equity	(7,022)	18,296

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries
The parent entity had no guarantees in relation to the debts of its subsidiaries as at 31 December 2021 nor at 31 December 2020.

Contingent liabilities
The parent entity had no contingent liabilities as at 31 December 2021 (31 December 2020 - Nil).

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for property, plant and equipment as at 31 December 2021 (31 December 2020 - Nil).

Significant accounting policies
The accounting policies of the parent entity are consistent with those of the Consolidated Entity, as disclosed in note 2, except for the following:
- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Investments in associates are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

Note 30. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2:

Name	Principal place of business / Country of incorporation	Ownership interest 2021 %	Ownership interest 2020 %
LatAm Autos Holdings Pty Ltd	Australia	100.00%	100.00%
Anuntis Segundamano Argentina S.A.	Argentina	100.00%	100.00%
Anuntis Segundamano Argentina Holdings S.A.	Argentina	100.00%	100.00%
Latamautos Mexico S. de R.L. de C.V.	Mexico	100.00%	100.00%
Avisoriaweb S.A.	Ecuador	100.00%	100.00%
LatAm Autos Peru S.A.	Peru	100.00%	100.00%
LatAm Autos Panama S.A.	Panama	100.00%	100.00%
Latamautos Corporacion S.A.	Ecuador	100.00%	100.00%

Note 31. Interests in associates

The Consolidated Entity does not have any interests in associates during the current reporting period.

Note 32. Events after the reporting period

On 3 Feb 2022, the Noteholders decided to extend the ending date of the convertible note from July 2021 to March 2023. The extension is made to provide cash relief to the Company´s outflows.

On 3 Feb 2022, the Company agreed to extend the maturity date of the Short-Term Debt Facility from February 2022 to March 2023.

On 3 Feb 2022, LatAm Autos Limited changed the Company secretary changed from Melany Leydin to Louis Joseph.

On 14 July 2022, Credito Real, the main client of the Motorfy division, was ordered by a commercial court its judicial liquidation.

At the end of November 2022, the Consolidated Entity commenced a restructuring process in order to reduce expenses and cash burn. The restructuring plan is intended to allow the company to achieve cash flow breakeven by the end of 2023 and included elimination of the following C-level positions: CFO who resigned in late November 2022, CTO who resigned in December 2022 and has a transition plan until March 2023 and CEO who has resigned by end of March 2023. The leadership of those positions will be replaced by current LatamAutos´ employees with the appropriate expertise. During 2022 and the first months of 2023 the Consolidated Entity has received financial support from the Chairman to meet its obligations with employees and third parties.

In February 2023, the debt holders (Convertible Notes and Short-Term Debt Facility) agreed not to call their respective credits for a period of 12 months from the date of the Annual Report. Additional information in Note 19.

No other matter or circumstance has arisen since 31 December 2021 that has significantly affected, or may significantly affect the Consolidated Entity's operations, the results of those operations, or the Consolidated Entity's state of affairs in future financial years.

Note 33. Reconciliation of loss after income tax to net cash used in operating activities

	Consolidated	
	2021	2020
	$'000	$'000
Loss after income tax (expense)/benefit for the year	(21,777)	(7,116)
Adjustments for:		
Depreciation and amortisation	827	995
Impairment of non-current assets	18,740	2,005
Net loss on disposal of property, plant and equipment	(6)	41
Share-based payments	74	84
Foreign exchange differences	2	121
Interest of convertible note	546	525
Gain on termination of leases	-	(126)
Benefit in STI issuance	-	(306)
Depreciation of right-of-use assets	-	210
Change in operating assets and liabilities excluding assets and liabilities acquired through business combinations:		
Decrease/(increase) in trade and other receivables	(15)	803
Decrease in prepayments	(4)	64
Net movement in sales tax payable/receivable	360	137
Net movement in deferred tax assets/liabilities	(418)	16
Increase/(decrease) in deferred revenue	7	(5)
Increase/(decrease) in trade and other payables	283	(1,373)
Increase/(decrease) in employee benefits	113	(855)
Increase/(decrease) in other provisions	54	(390)
Net cash used in operating activities	(1,214)	(5,170)

Note 34. Earnings per share

	Consolidated	
	2021	2020
	$'000	$'000
Earnings per share for loss from continuing operations		
Loss after income tax attributable to the owners of LatAm Autos Limited	(21,776)	(7,107)
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	763,004,820	763,004,820
Weighted average number of ordinary shares used in calculating diluted earnings per share	763,004,820	763,004,820
	Cents	**Cents**
Basic earnings per share	(2.85)	(1.02)
Diluted earnings per share	(2.85)	(1.02)

Note 34. Earnings per share (continued)

	Consolidated 2021 $'000	Consolidated 2020 $'000
Earnings per share for loss from discontinued operations		
Loss after income tax attributable to the owners of LatAm Autos Limited	-	(8)
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	763,004,820	763,004,820
Weighted average number of ordinary shares used in calculating diluted earnings per share	763,004,820	763,004,820
	Cents	**Cents**
Basic earnings per share	(0.00)	(0.00)
Diluted earnings per share	(0.00)	(0.00)

	Consolidated 2021 $'000	Consolidated 2020 $'000
Earnings per share for loss		
Loss after income tax attributable to the owners of LatAm Autos Limited	(21,777)	(7,116)
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	763,004,820	763,004,820
Weighted average number of ordinary shares used in calculating diluted earnings per share	763,004,820	763,004,820
	Cents	**Cents**
Basic earnings per share	(2.85)	(1.02)
Diluted earnings per share	(2.85)	(1.02)

Note 35. Share-based payments

(a) Performance Rights

A Long Term Incentive Plan has been established by the Consolidated Entity and approved by shareholders at a general meeting, whereby the Consolidated Entity may, at the discretion of the Board, grant performance rights over ordinary shares in the Company ("Rights") to certain employees of the Consolidated Entity.

The grant of Rights is a long term incentive intended to align the interests of employees with other owners of the Company.

Upon vesting, each Right entitles the holder to receive one ordinary share in the Company at no cost to the employee.

The number of Rights that will vest is contingent on the Company's total shareholder return (TSR) relative to comparable companies ("Peer Group") over a designated period.

Note 35. Share-based payments (continued)

Set out below are summaries of Rights granted under the plan:

2021

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired	Balance at the end of the year
14/06/2018	31/01/2022	$0.0000	975,000	-	-	(975,000)	-
14/06/2018	31/01/2022	$0.0000	974,999	-	-	(974,999)	-
12/06/2019	31/01/2022	$0.0000	2,000,000	-	-	(2,000,000)	-
12/06/2019	31/01/2023	$0.0000	625,000	-	-	-	625,000
12/06/2019	31/01/2023	$0.0000	625,000	-	-	-	625,000
			5,199,999	-	-	(3,949,999)	1,250,000

2020

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired	Balance at the end of the year
17/07/2017	31/01/2021	$0.0000	891,666	-	-	(891,666)	-
17/07/2017	31/01/2021	$0.0000	891,666	-	-	(891,666)	-
14/06/2018	31/01/2022	$0.0000	975,000	-	-	-	975,000
14/06/2018	31/01/2022	$0.0000	974,999	-	-	-	974,999
12/06/2019	31/01/2022	$0.0000	2,000,000	-	-	-	2,000,000
12/06/2019	31/01/2023	$0.0000	625,000	-	-	-	625,000
12/06/2019	31/01/2023	$0.0000	625,000	-	-	-	625,000
			6,983,331	-	-	(1,783,332)	5,199,999

An amount of $74,000 was recognised as an expense for the Rights during the current financial year (2020: $80,000).

The weighted average remaining contractual life of performance rights outstanding at the end of the financial year was 2 years (2020: 3 years).

For the performance rights granted during the current financial year, the valuation model inputs used to determine the fair value at the grant date, are set out below.

The pricing model used to value the performance rights granted during the current financial year was the Binomial Options Valuation Model.

The volatilities used in the valuation models were based upon the volatility of the historical Company's share price.

Market factors were factored into the pricing model by adjusting the fair value of the performance rights through the application of a Binomial Options Valuation model to determine the theoretical Total Shareholder Returns of the respective Peer Group companies, against which the Company's performance will be compared during the vesting period, and the Company. "Total Shareholder Return" is defined as the total return of a share to an investor (capital gain plus dividends reinvested as at the ex-dividend date).

Note 35. Share-based payments (continued)

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
17/07/2017	31/01/2021	$0.0980	$0.0000	103.90%	-	2.17%	$0.016
17/07/2017	31/01/2021	$0.0980	$0.0000	103.90%	-	2.17%	$0.018
14/06/2018	31/01/2022	$0.1400	$0.0000	87.22%	-	2.35%	$0.075
14/06/2018	31/01/2022	$0.1400	$0.0000	87.22%	-	2.35%	$0.080
12/06/2019	31/01/2023	$0.1600	$0.0000	85.05%	-	1.06%	$0.062
12/06/2019	31/01/2023	$0.1600	$0.0000	85.05%	-	1.06%	$0.037
12/06/2019	31/12/2022	$0.1600	$0.0000	85.05%	-	1.06%	$0.040

(b) Shares issued to employees

The Company may, from time to time, issue shares to employees of the Consolidated Entity.

The Consolidated Entity has established as Short Term Incentive plan (STIP) under which the Board may issue fully paid ordinary shares in the Company (Shares) on an annual basis to selected employees, conditional on their achieving certain performance targets during the financial year.

The Consolidated Entity has not issued shares related to the STI plan.

(c) Shares issued to third parties in return for services

The Company may, from time to time, issue shares to third parties as consideration for goods and/or services provided to the Consolidated Entity by those parties. All such transactions are settled in equity and vest immediately, unless otherwise stated.

The Consolidated Entity has not issued shares related to payment of services.

LatAm Autos Limited
Shareholder information
31 December 2021

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;
- the attached financial statements and notes give a true and fair view of the Consolidated Entity's financial position as at 31 December 2021 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors

Michael Fitzpatrick
Chairman

5 Apr 2023

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Independent Auditor's Report

To the Members of LatAm Autos Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of LatAm Autos Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2021, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the Directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

a giving a true and fair view of the Group's financial position as at 31 December 2021 and of its performance for the year ended on that date; and

b complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

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 Group in accordance with 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 (including Independence Standards)* (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.

Material uncertainty related to going concern

We draw attention to Note 2 in the financial statements, which indicates that the Group incurred a loss after tax of $21,776,000 for the year ended 31 December 2021 and net cash outflows from operating activities of $1,214,000. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Information other than the financial report and auditor's report thereon

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 31 December 2021, 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*. The Directors' responsibility also includes 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 preparing the financial report, the Directors are responsible for assessing the Group'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 Group or to cease operations, or have 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.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf. This description forms part of our auditor's report.

Grant Thornton

Grant Thornton Audit Pty Ltd
Chartered Accountants

M J Climpson
Partner – Audit & Assurance

Melbourne, 5 April 2023