

7 December 2021

Company Update

Melbourne and Mexico City – 7 December 2021: LatAm Autos Limited (**LatAm Autos** or **Company**) provides the following general update in relation to several matters.

Dear Shareholder

In early November 2021 one of the Company's main providers of disbursements within the Motorfy division advised the Company that it would be temporarily pausing disbursements while it addresses its own internal funding issues that are unrelated to LatAm Autos originations, rather they stem from varying analysts' opinions of the counterparty's accounting treatment of a specific portfolio of loans that it acquired. It is not related to the performance of the counterparty's Mexican used car loan book, in part originated by Motorfy.

It is noted that in the counterparty's most recently disclosed financials its Mexican used car portfolio, partially originated by Motorfy, continues to perform well.

The Company was advised by the counterparty that these operations will recommence shortly. The Company has taken the counterparty at its word and in good faith based on the long-term relationship between the two companies and successful commercial partnership to date.

Whilst there are signs that the counterparty is resolving its internal challenges, as evidenced by the recent provision of a significant payment to the Company which had been delayed at the time of the pause in disbursements, the Company seeks to update Shareholders of this issue.

The Company has allocated credit applications via Motorfy to other financial partners in the interim. While these additional financial partners have not fully compensated for the lower number of disbursements from the main counterparty, they did make a material number of disbursements in November 2021.

The consequences of the pause in disbursements affect the Company's liquidity position. It is not clear that the short-term loan facility (see Company announcement from 13 October 2021 - www.latamautos.com/s/LAA-Company-Update-Oct-2021.pdf) will be sufficient for the Company's requirements.

Given the potential impact the pause in disbursements may have on the Company's liquidity position the Company will seek to raise capital. Further information will follow for shareholders who are interested in participating in this capital raise.

We welcome all feedback and efforts from shareholders during this process. Please feel free to contact either Gareth Bannan or Louis Joseph for additional information in the interim.

Mike Fitzpatrick
Chairman

-Ends-

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About LatAm Autos

LatAm Autos is a leading online car transaction market place with operations in Mexico, Ecuador and Peru. LatAm Autos is capitalising on the shift of automotive classifieds advertising to online channels, whilst providing ancillary services to car buyers such as finance, insurance and car tracking technology through its Motorfy brand. For more information on LatAm Autos, please visit its website: www.latamautos.com.

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