

**LatAm Autos Limited**

**ABN 12 169 063 414**

**Half-year Financial Report - 30 June 2022**

**LatAm Autos Limited****Contents****30 June 2022**

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**LatAm Autos Limited**  
**Corporate directory**  
**30 June 2022**

Directors	Michael Fitzpatrick (Chairman) Jorge Mejia Ribadeneira (Executive Director & Chief Executive Officer) - resigned on 28 February 2023 Louis Joseph (Non-executive Director) Gareth Bannan (Executive Director) - resigned on 22 February 2023 Cameron Griffin (Alternate Director)
Company secretaries	Melanie Leydin - resigned on 3 February 2022 Gareth Bannan - resigned on 22 February 2023 Louis Joseph - appointed on 3 February 2022
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, Office 27, Polanco 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	<a href="http://www.latamautos.com">www.latamautos.com</a>

**LatAm Autos Limited**  
**Directors' report**  
**30 June 2022**

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 half-year ended 30 June 2022.

**Directors**

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

Michael Fitzpatrick (Chairman)  
Jorge Mejía Ribadeneira (Executive Director & Chief Executive Officer) - resigned on 28 February 2023  
Louis Joseph (Non-executive Director)  
Gareth Bannan (Executive Director) - resigned on 22 February 2023  
Cameron Griffin (Alternate Director)

**Principal activities**

The Consolidated Entity is an online auto classifieds business and fintech business with operations in Mexico and Ecuador and with portals in Argentina, Peru, Panama and Bolivia. In these key Latin American 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 half-year.

**Review of operations**

The loss for the Consolidated Entity for 1H22 after providing for income tax amounted to \$1,736,000 (1H21: \$3,739,000), a decrease of 53%.

During the same period, revenue from customers declined by 25%, falling from \$2,326,000 in 1H21 to \$1,877,000 in 1H22. Additionally, the negative EBITDA increased by 73%, rising from negative \$756,000 in 1H21 to negative \$1,430,000 in 1H22. This rise in negative EBITDA was primarily influenced by the reduced revenue from customers, mainly due to the discontinuation of operations with the main fintech client in Mexico (Credito Real) and the continued impact of the COVID-19 pandemic on the car industry.

On the expenses side, the company effectively managed to maintain or reduce most expenses, with the exception of personnel expenses. In 1H2022, personnel expenses increased by \$466,000 due to: a) changes in local regulations in Mexico, leading to tightened labour contracting rules and a higher burden of personnel spending and b) Salaries related to IT developers have not been capitalized in 1H2022 as was done in previous periods, because the Consolidated Entity is not generating profits.

**LatAm Autos Limited**  
**Directors' report**  
**30 June 2022**

To calculate EBITDA, certain items were excluded from operational expenses, including Depreciation and amortisation expense, Impairment of assets, and Finance costs, as shown below:

	<b>Consolidated</b>	
	<b>30 June 2022</b>	<b>30 June 2021</b>
	<b>\$'000</b>	<b>\$'000</b>
Loss after income tax expense	(1,736)	(3,739)
<i>Adjustments:</i>		
(+) Depreciation and amortisation expense	18	424
(+) Impairment of assets	12	2,284
(+) Finance expenses	276	275
Total Adjustments	306	2,983
<b>EBITDA</b>	<b>(1,430)</b>	<b>(756)</b>

Moreover, the Company experienced net cash used in operating activities amounting to \$1,063,000 in 1H22, compared to \$720,000 in 1H21.

**Significant changes in the state of affairs**

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

**Matters subsequent to the end of the financial half-year**

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 in the mid-term. The plan included elimination of the following C-level positions: Chief Financial Officer (CFO), Chief Technology Officer (CTO) and Chief Executive Officer (CEO). Those positions were replaced by current LatamAutos' employees with the appropriate expertise.

In November 2022 the Chief Financial Officer (CFO) resigned following the restructuring process previously mentioned.

In March 2023, both the Chief Technology Officer (CTO) and Chief Executive Officer (CEO) concluded their relationship with the company.

From January to December 2023, the company received financial support from the Chairman to meet its obligations with employees and third parties totalling \$2,025,000. This funding carries an annual interest rate of 12% with quarterly compounding.

No other matter or circumstance has arisen since 30 June 2022 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.

**Rounding of amounts**

The Company is of a kind referred to in Corporations 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.

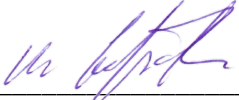
**Auditor's independence declaration**

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.

**LatAm Autos Limited**  
**Directors' report**  
**30 June 2022**

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors



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Michael Fitzpatrick  
Chairman

22 December 2023

## Auditor's Independence Declaration

### To the Directors of LatAm Autos Ltd

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the review of LatAm Autos Ltd for the half-year ended 30 June 2022, 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 review; and
- b no contraventions of any applicable code of professional conduct in relation to the review.



Grant Thornton Audit Pty Ltd  
Chartered Accountants



Michael Climpson  
Partner – Audit & Assurance

Melbourne, 22 December 2023

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**LatAm Autos Limited**  
**Consolidated statement of profit or loss and other comprehensive income**  
**For the half-year ended 30 June 2022**

		<b>Consolidated</b>	
	<b>Note</b>	<b>30 June 2022</b>	<b>30 June 2021</b>
		<b>\$'000</b>	<b>\$'000</b>
<b>Revenue from continuing operations</b>	5	1,877	2,326
<b>Expenses</b>			
Commissions and related expenses		(664)	(780)
Printing expenses		(27)	(20)
Advertising expenses		(87)	(107)
Employee benefits expense		(1,892)	(1,426)
Depreciation and amortisation expense		(18)	(424)
Impairment of assets		(12)	(2,284)
Professional and consulting fees expense		(220)	(317)
Travel expense		(12)	(11)
Technology expenses		(210)	(216)
Other expenses		(195)	(205)
Finance expenses		(276)	(275)
<b>Loss before income tax expense from continuing operations</b>		(1,736)	(3,739)
Income tax expense		-	-
<b>Loss after income tax expense from continuing operations</b>		(1,736)	(3,739)
Loss after income tax expense from discontinued operations		-	(1)
<b>Loss after income tax expense for the half-year attributable to the owners of LatAm Autos Limited</b>		(1,736)	(3,740)
<b>Other comprehensive income</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		97	496
<b>Other comprehensive income for the half-year, net of tax</b>		97	496
<b>Total comprehensive income for the half-year attributable to the owners of LatAm Autos Limited</b>		<u>(1,639)</u>	<u>(3,244)</u>
Total comprehensive income for the half-year is attributable to:			
Continuing operations		(1,639)	(3,243)
Discontinued operations		-	(1)
		<u>(1,639)</u>	<u>(3,244)</u>

*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 half-year ended 30 June 2022**

	Note	Consolidated	
		30 June 2022	30 June 2021
		\$'000	\$'000
		Cents	Cents
<b>Earnings per share for loss from continuing operations attributable to the owners of LatAm Autos Limited</b>			
Basic earnings per share		(0.23)	(0.43)
Diluted earnings per share		(0.23)	(0.43)
<b>Earnings per share for loss from discontinued operations attributable to the owners of LatAm Autos Limited</b>			
Basic earnings per share		(0.00)	(0.00)
Diluted earnings per share		(0.00)	(0.00)
<b>Earnings per share for loss attributable to the owners of LatAm Autos Limited</b>			
Basic earnings per share		(0.23)	(0.43)
Diluted earnings per share		(0.23)	(0.43)

*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 30 June 2022**

		<b>Consolidated</b>	<b>31 December</b>
	<b>Note</b>	<b>30 June 2022</b>	<b>2021</b>
		<b>\$'000</b>	<b>\$'000</b>
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		143	273
Trade and other receivables	6	666	785
Prepayments		130	123
Total current assets		<u>939</u>	<u>1,181</u>
<b>Non-current assets</b>			
Plant and equipment		74	86
Total non-current assets		<u>74</u>	<u>86</u>
<b>Total assets</b>		<u>1,013</u>	<u>1,267</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables		1,694	1,541
Employee benefits		255	189
Provisions		24	24
Contract liabilities - deferred service income		457	440
Financial liabilities	7	7,569	6,440
Total current liabilities		<u>9,999</u>	<u>8,634</u>
<b>Non-current liabilities</b>			
Deferred tax		11	11
Employee benefits		162	154
Total non-current liabilities		<u>173</u>	<u>165</u>
<b>Total liabilities</b>		<u>10,172</u>	<u>8,799</u>
<b>Net assets deficiency</b>		<u>(9,159)</u>	<u>(7,532)</u>
<b>Equity</b>			
Issued capital	8	90,621	90,621
Other contributed equity	8	2,024	2,011
Reserves		144	47
Accumulated losses		<u>(101,948)</u>	<u>(100,211)</u>
<b>Total equity</b>		<u>(9,159)</u>	<u>(7,532)</u>

*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 half-year ended 30 June 2022**

<b>Consolidated</b>	<b>Issued capital \$'000</b>	<b>Other contributed equity \$'000</b>	<b>Share based payments reserve \$'000</b>	<b>Foreign currency translation reserve \$'000</b>	<b>Accumulated losses \$'000</b>	<b>Total equity \$'000</b>
Balance at 1 January 2021	90,621	2,010	167	(1,136)	(78,515)	13,147
Loss after income tax benefit for the half-year	-	-	-	-	(3,740)	(3,740)
Other comprehensive income for the half-year, net of tax	-	7	-	496	-	503
Total comprehensive income for the half-year	-	7	-	496	(3,740)	(3,237)
<i>Transactions with owners in their capacity as owners:</i>						
Share-based payments	-	-	37	-	-	37
Balance at 30 June 2021	90,621	2,017	204	(640)	(82,255)	9,947

<b>Consolidated</b>	<b>Issued capital \$'000</b>	<b>Other contributed equity \$'000</b>	<b>Share based payments reserve \$'000</b>	<b>Foreign currency translation reserve \$'000</b>	<b>Accumulated losses \$'000</b>	<b>Total equity \$'000</b>
Balance at 1 January 2022	90,621	2,011	160	(113)	(100,212)	(7,532)
Loss after income tax benefit for the half-year	-	-	-	-	(1,736)	(1,736)
Other comprehensive income for the half-year, net of tax	-	13	-	97	-	110
Total comprehensive income for the half-year	-	13	-	97	(1,736)	(1,626)
<i>Transactions with owners in their capacity as owners:</i>						
Share-based payments	-	-	-	-	-	-
Balance at 30 June 2022	90,621	2,024	160	(16)	(101,948)	(9,159)

*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 half-year ended 30 June 2022**

	<b>Consolidated</b>	
	<b>30 June 2022</b>	<b>30 June 2021</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Cash flows from operating activities</b>		
Receipts from customers (inclusive of GST and equivalents)	2,369	2,524
Payments to suppliers and employees (inclusive of GST and equivalents)	(3,427)	(3,241)
	(1,058)	(717)
Interest and other finance cost paid	(5)	(3)
Net cash used in operating activities	(1,063)	(720)
<b>Cash flows from investing activities</b>		
Payments for plant and equipment	(6)	-
Payments for intangibles	-	(179)
Net cash used in investing activities	(6)	(179)
<b>Cash flows from financing activities</b>		
Loan from related parties	867	-
Net cash from financing activities	867	-
Net decrease in cash and cash equivalents	(202)	(899)
Cash and cash equivalents at the beginning of the financial half-year	273	1,533
Effects of exchange rate changes on cash and cash equivalents	72	8
Cash and cash equivalents at the end of the financial half-year	<u>143</u>	<u>642</u>

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

**LatAm Autos Limited**  
**Notes to the consolidated financial statements**  
**30 June 2022**

**Note 1. General information**

The financial statements cover LatAm Autos Limited as a consolidated entity consisting of LatAm Autos Limited ('the Company') and the entities it controlled at the end of, or during, the period. The financial statements are presented in Australian dollars, which is LatAm Autos Limited's functional and presentation currency.

LatAm Autos Limited is an unlisted company limited by shares, incorporated and domiciled in Australia.

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 22 December 2023.

The directors have the power to amend and reissue the financial statements.

**Note 2. Significant accounting policies**

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

**Basis of preparation**

These general purpose financial statements for the interim half-year reporting period ended 30 June 2022 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 31 December 2022.

**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 half-year period ended 30 June 2022, the Consolidated Entity incurred a loss after tax of \$1,639,000 (2021: \$3,244,000) and had net cash outflows from operating activities of \$1,063,000 (2021: \$720,000). As at 30 June 2022, the Consolidated Entity's cash position is \$143,000; and current liabilities exceed current assets.

As at 30 June 2022, the net asset deficiency was \$9,159,000, (\$13,104,000 at the end of September 2023 - unaudited). The Directors with the Company's Management are exploring all options available to the Company that will help address the net deficiency. These options encompass consistent evaluation and optimization of expenses, as well as restructuring the platform to integrate new technologies and features. These strategic measures aim to expand the company's client database and enhance pricing capabilities.

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 obtained financing from the directors during the second half of 2022 and up until the date of this report, amounting to a total of \$4,175,000.

**LatAm Autos Limited**  
**Notes to the consolidated financial statements**  
**30 June 2022**

- 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.

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

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

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

**Note 3. Critical accounting judgements, estimates and assumptions**

When preparing the interim financial statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgements, estimates and assumptions made by management.

The judgements, estimates and assumptions applied in these interim financial statements, including the key sources of estimation uncertainty were the same as those applied in the Consolidated entity's last annual financial statements for the year ended 31 December 2022.

**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 other related activities, and there are two operating business segments that are determined on the basis of geographic information.

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 Consolidated Entity does not have a major customer that contributes more than 10% or more to the Consolidated Entity's revenue.

**LatAm Autos Limited**  
**Notes to the consolidated financial statements**  
**30 June 2022**

**Note 4. Operating segments (continued)**

*Operating segment information*

	Ecuador \$'000	Mexico \$'000	Total \$'000
<b>Consolidated - 30 June 2022</b>			
<b>Revenue</b>			
Sales to external customers	513	1,320	1,833
<b>Total revenue</b>	513	1,320	1,833
Operating expenses	(816)	(2,141)	(2,957)
<b>EBITDA</b>	<b>(303)</b>	<b>(821)</b>	<b>(1,124)</b>
	Ecuador \$'000	Mexico \$'000	Total \$'000
<b>Consolidated - 30 June 2021</b>			
<b>Revenue</b>			
Sales to external customers	587	1,713	2,300
<b>Total revenue</b>	587	1,713	2,300
Operating expenses	(634)	(1,962)	(2,596)
<b>EBITDA</b>	<b>(47)</b>	<b>(249)</b>	<b>(296)</b>

	<b>Consolidated</b>	
	<b>30 June 2022</b>	<b>30 June 2021</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Revenue</b>		
Revenue from contracts with customers	1,833	2,300
Other revenue	44	26
Group revenues	<u>1,877</u>	<u>2,326</u>
<b>Profit or loss</b>		
Total reportable segment EBITDAs	(1,124)	(296)
Other revenue	44	26
Financial expenses	(276)	(275)
Depreciation and amortisation expenses	(18)	(424)
Share-based payments expense	-	(37)
Impairment	(12)	(2,284)
Other non-reportable segment expenses	(350)	(450)
	<u>(1,736)</u>	<u>(3,740)</u>

**Note 4. Operating segments (continued)**

*Geographical information*

	<b>Sales to external customers</b>		<b>Geographical non-current assets</b>	
	<b>30 June 2022 \$'000</b>	<b>30 June 2021 \$'000</b>	<b>30 June 2022 \$'000</b>	<b>31 December 2021 \$'000</b>
Mexico	1,320	1,713	38	46
Ecuador	513	587	36	40
	<u>1,833</u>	<u>2,300</u>	<u>74</u>	<u>86</u>

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**

	<b>Consolidated</b>	
	<b>30 June 2022 \$'000</b>	<b>30 June 2021 \$'000</b>
<b>From continuing operations</b>		
<i>Revenue from contracts with customers</i>		
Sales revenue	<u>1,833</u>	<u>2,300</u>
<i>Other revenue</i>		
Other revenue	<u>44</u>	<u>26</u>
Revenue from continuing operations	<u><u>1,877</u></u>	<u><u>2,326</u></u>

*Disaggregation of revenue*

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

	<b>Classifieds \$'000</b>	<b>Cross sells \$'000</b>	<b>Total \$'000</b>
<b>Consolidated - 30 June 2022</b>			
<i>Geographical regions</i>			
Mexico	431	889	1,320
Ecuador	513	-	513
	<u>944</u>	<u>889</u>	<u>1,833</u>
<b>Consolidated - 30 June 2021</b>			
<i>Geographical regions</i>			
Mexico	605	1,108	1,713
Ecuador	577	10	587
	<u>1,182</u>	<u>1,118</u>	<u>2,300</u>



**LatAm Autos Limited**  
**Notes to the consolidated financial statements**  
**30 June 2022**

**Note 5. Revenue (continued)**

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

Consolidated - 30 June 2022

	Mexico \$'000	Ecuador \$'000	Total \$'000
Services provided at a point in time	948	356	1,304
Services transferred over time	372	157	529
	<u>1,320</u>	<u>513</u>	<u>1,833</u>

Consolidated - 30 June 2021

	Mexico \$'000	Ecuador \$'000	Total \$'000
Services provided at a point in time	1,288	438	1,726
Services transferred over time	425	149	574
	<u>1,713</u>	<u>587</u>	<u>2,300</u>

The consolidated aggregate amount of the transaction price allocated to the performance obligations that are partially unsatisfied as of 30 June 2022 was \$457,000 (June 2021: \$440,000). The Company expects to recognize as revenue within 12 months from the reporting date.

**Note 6. Trade and other receivables**

	<b>Consolidated</b> <b>30 June 2022</b> <b>\$'000</b>	<b>31 December</b> <b>2021</b> <b>\$'000</b>
Trade receivables - current	858	979
Less: Allowance for expected credit losses	(365)	(333)
Less: Impairment of trade receivables	(38)	(24)
	<u>455</u>	<u>622</u>
Other accounts receivable	123	115
Sales taxes receivable	88	48
	<u>666</u>	<u>785</u>

**Note 7. Financial liabilities**

	<b>Consolidated</b>	
	<b>30 June 2022</b>	<b>31 December 2021</b>
	<b>\$'000</b>	<b>\$'000</b>
Convertible note at fair value	6,345	6,105
Short-term Debt Facility	339	335
Bridging Facility	885	-
	<u>7,569</u>	<u>6,440</u>

The key terms of the Notes as at 30 June 2020 were:

- 3 year term
- 8% p.a. interest rate paid quarterly or capitalized
- 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 this financial report. There were no changes in conversion price neither in interest rate.

The key terms of the Short-Term Debt Facility as at 30 June 2022 were:

- Facility Limit: \$400,000. Utilized as at 30-Jun-2022 \$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 this financial report. There were no changes in interest rate.

The key terms of the Bridging Facility as at 30 June 2022 were:

- Credit line used as at 30 June 2022 \$858,000
  - Funding received during 2022 per quarter as follows: 1Q \$630,000; 2Q \$228,000
  - 12% interest rate p.a. paid quarterly or capitalized
  - Maturity date 31 March 2023. In November 2023, the lender agreed not to call the Bridging Facility for a period of 12 months from the date of this financial report.
- There were no changes in the interest rate neither in the interest capitalisation.

**Note 8. Issued capital and other contributed equity**

**(a) Issued capital**

	<b>Consolidated</b>			
	<b>30 June 2022</b>	<b>31 December 2021</b>	<b>30 June 2022</b>	<b>31 December 2021</b>
	<b>Shares</b>	<b>Shares</b>	<b>\$'000</b>	<b>\$'000</b>
Ordinary shares - fully paid	<u>763,004,820</u>	<u>763,004,820</u>	<u>90,621</u>	<u>90,621</u>

*Movements in ordinary share capital*

<b>Details</b>	<b>Date</b>	<b>Shares</b>	<b>\$'000</b>
Balance	1 January and 30 June 2022	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.

**(b) Other contributed equity**

	<b>Consolidated</b>	
	<b>30 June 2022</b>	<b>31 December 2021</b>
	<b>\$'000</b>	<b>\$'000</b>
Convertible notes	1,394	1,394
Other contributed equity	630	617
	<u>2,024</u>	<u>2,011</u>

**Note 9. Events after the reporting period**

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 in the mid-term. The plan included elimination of the following C-level positions: Chief Financial Officer (CFO), Chief Technology Officer (CTO) and Chief Executive Officer (CEO). Those positions were replaced by current LatamAutos' employees with the appropriate expertise.

In November 2022 the Chief Financial Officer (CFO) resigned following the restructuring process previously mentioned.

In March 2023, both the Chief Technology Officer (CTO) and Chief Executive Officer (CEO) concluded their relationship with the company.

From January 2023 to December 2023, the company received financial support from the Chairman to meet its obligations with employees and third parties totalling \$2,025,000. This funding carries an annual interest rate of 12% with quarterly compounding.

No other matter or circumstance has arisen since 30 June 2022 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.

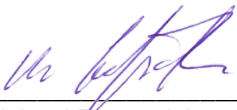
**LatAm Autos Limited**  
**Directors' declaration**  
**30 June 2022**

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Consolidated Entity's financial position as at 30 June 2022 and of its performance for the financial half-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.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors



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Michael Fitzpatrick  
Chairman

22 December 2023

# Independent Auditor's Review Report

## To the Members of LatAm Autos Ltd

### Report on the half year financial report

#### Conclusion

We have reviewed the accompanying half year financial report of LatAm Autos Ltd (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2022, and 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 half year ended on that date, a description of accounting policies, other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of LatAm Autos Ltd does not comply with the *Corporations Act 2001* including:

- a giving a true and fair view of the Group's financial position as at 30 June 2022 and of its performance for the half year ended on that date; and
- b complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*.

#### Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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### Material uncertainty related to going concern

We draw attention to Note 2 in the financial report, which indicates that the Group incurred a net loss of \$1,639,000 during the half year ended 30 June 2022 and had net cash outflows from operating activities of \$1,063,000. 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 conclusion is not modified in respect of this matter.

### Directors' responsibility for the half-year financial report

The Directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

### Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 30 June 2022 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Grant Thornton Audit Pty Ltd  
Chartered Accountants



Michael Climpson  
Partner – Audit & Assurance

Melbourne, 22 December 2023