

**LatAm Autos Limited**

**ABN 12 169 063 414**

**Half-year Financial Report - 30 June 2021**

# **LatAm Autos Limited**

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**30 June 2021**

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**LatAm Autos Limited**  
**Corporate directory**  
**30 June 2021**

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 Gareth Bannan
Registered office	Level 4, 100 Albert Road South Melbourne, VIC 3205 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 Ciudad de Mexico Mexico Tel: +52 55 4161 8830
Share register	Boardroom Pty Limited Level 12, 225 George Street Sydney NSW 2000
Auditor	Grant Thornton 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 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 half-year ended 30 June 2021.

**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)  
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)

**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 1H21 after providing for income tax amounted to \$3,740,000 (1H20: \$3,854,000), a decrease of 3%.

The COVID-19 pandemic continued to impact the Consolidated Entity's financial performance in 1H21. Though Mexico and Ecuador are gradually emerging from a difficult eighteen months, actions taken by governments including curfews, mobility and operating restrictions, in addition to high rates of infection and low effectiveness in controlling the spread of the disease, impacted the automotive industry and the related business.

While revenue from customers decreased by 5% between 1H20 and 1H21, from \$2,419,000 to \$2,300,000, EBITDA improved between the same period by 72% from negative\$2,738,000 in 1H20 to negative\$756,000 in 1H21. This improvement in EBITDA was due to a decrease in operational expenses of 43% or \$2,304,000 as the Company continued to have a laser focus on expenses. For the purposes of calculating EBITDA, Depreciation and amortisation expense, Impairment of assets and Finance costs were excluded from operational expenses.

Revenues increased modestly in 1H21 compared to 1H20 by 6% from the Motorfy division. While revenues from the Classifieds division decreased by 13% between the same periods.

The Company had net cash used in operating activities of \$720,000 in 1H21 compared to \$4,430,000 in 1H20, an improvement of \$3,710,000.

As at the balance date of 30 June 2021 the decision was made to decrease the carrying value of the Goodwill in the Ecuadorian CGU by \$2,216,000. The value of Goodwill of the Ecuadorian CGU decreased from \$8,765,000 to \$6,549,000 between 31 December 2020 and 30 June 2021. The basis of the decrease in value was mainly due to a subdued outlook in financial performance of the Ecuadorian CGU.

**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**

Subsequent to the end of the financial half-year, the Company received a short-term loan facility (the 'Loan Facility Agreement') of \$400,000 from a current shareholder and Non-executive Director, Louis Joseph. The Interest Rate under the Loan Facility Agreement is 2% per annum repayable by 1 February 2022.

It is intended that the principal and interest owing under the Loan Facility Agreement will be repaid out of the subscription application amount under the Subscription Agreement.

The intent of the Loan Facility Agreement was to provide a bridge finance facility to allow for an Independent Experts Report to be prepared ahead of an EGM which would consider allowing the Convertible Note holders to redeem their Convertible notes on the same basis as the subscription agreement at a price of \$0.015 per share. The conversion of the Convertible notes is considered important for facilitating capital raising efforts by the Company.

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 issues that are unrelated to LatAm Autos. The Company has been told that these operations will recommence shortly. The pause in disbursements by this third party has had an impact on the Company's financial performance and liquidity in November 2021 and likely December 2021.

The consequences of the pause in disbursements affect the Company's liquidity position. It is not clear that the Loan Facility Agreement will be sufficient for the Company's requirements. The Company is evaluating the continued availability of funding and credit facilities and the short and/or longer-term uncertainty arising from these factors regarding the Company's ability to continue as a going concern in the foreseeable future.

Despite the Company having agreed with the Convertible Note holders to redeem their notes to facilitate the Company to raise capital and the Company having entered into a subscription agreement with a current minor shareholder and Director, Louis Joseph, under which the investor has agreed to subscribe \$1,000,000 at \$0.015 per share, the implications of the current liquidity issues facing the Company might impede the ability to execute this transaction as the Company might have to explore alternative financing options prior to it being able to execute the agreements as foreshadowed.

There is a material uncertainty related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern and, therefore, that the entity might be unable to realise its assets and discharge its liabilities in the normal course of business.

Subsequent to the end of the financial half-year, Tim Handley and Donald Cahill have resigned to board of the Company. Also, Louis Joseph has been appointed as a Non-executive Director and Gareth Bannan, current CFO has become a Director of the Company.

No other matters or circumstances have arisen since 30 June 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.

**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 2021**

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

7 December 2021

## 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 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 review; and
- b no contraventions of any applicable code of professional conduct in relation to the review.



Grant Thornton Audit Pty Ltd  
Chartered Accountants



M J Climpson  
Partner – Audit & Assurance

Melbourne, 7 December 2021

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**LatAm Autos Limited**  
**Consolidated statement of profit or loss and other comprehensive income**  
**For the half-year ended 30 June 2021**

		<b>Consolidated</b>	
	<b>Note</b>	<b>30 June 2021</b>	<b>30 June 2020</b>
		<b>\$'000</b>	<b>\$'000</b>
<b>Revenue from continuing operations</b>	5	2,326	2,648
<b>Expenses</b>			
Commissions and related expenses		(780)	(499)
Printing expenses		(20)	(94)
Advertising expenses		(107)	(304)
Employee benefits expense		(1,426)	(2,877)
Depreciation and amortisation expense		(424)	(697)
Impairment of assets		(2,284)	(74)
Professional and consulting fees expense		(317)	(710)
Travel expense		(11)	(35)
Technology expenses		(216)	(254)
Other expenses		(205)	(613)
Finance expenses		(275)	(322)
<b>Loss before income tax expense from continuing operations</b>		(3,739)	(3,831)
Income tax expense		-	-
Loss after income tax expense from continuing operations		(3,739)	(3,831)
Loss after income tax expense from discontinued operations	7	(1)	(23)
<b>Loss after income tax expense for the half-year attributable to the owners of LatAm Autos Limited</b>		(3,740)	(3,854)
<b>Other comprehensive income</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		496	(1,287)
Other comprehensive income for the half-year, net of tax		496	(1,287)
<b>Total comprehensive income for the half-year attributable to the owners of LatAm Autos Limited</b>		<u>(3,244)</u>	<u>(5,141)</u>
Total comprehensive income for the half-year is attributable to:			
Continuing operations		(3,243)	(5,119)
Discontinued operations		(1)	(22)
		<u>(3,244)</u>	<u>(5,141)</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 2021**

	Note	Consolidated	
		30 June 2021	30 June 2020
		\$'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		(0.49)	(0.60)
Diluted earnings per share		(0.49)	(0.60)
<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		(0.49)	(0.60)
Diluted earnings per share		(0.49)	(0.60)

*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 2021**

		<b>Consolidated</b>	<b>31 December</b>
	<b>Note</b>	<b>30 June 2021</b>	<b>2020</b>
		<b>\$'000</b>	<b>\$'000</b>
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		642	1,533
Trade and other receivables	6	1,155	1,848
Prepayments		187	159
Total current assets		<u>1,984</u>	<u>3,539</u>
<b>Non-current assets</b>			
Other receivables	6	1,393	589
Plant and equipment		140	126
Intangible assets	8	14,153	16,148
Deferred tax		140	143
Total non-current assets		<u>15,826</u>	<u>17,006</u>
<b>Total assets</b>		<u>17,810</u>	<u>20,546</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables		1,297	1,150
Employee benefits		152	114
Provisions		25	28
Contract liabilities - deferred service income		440	432
Convertible note	9	5,830	5,559
Total current liabilities		<u>7,744</u>	<u>7,283</u>
<b>Non-current liabilities</b>			
Employee benefits		119	116
Total non-current liabilities		<u>119</u>	<u>116</u>
<b>Total liabilities</b>		<u>7,863</u>	<u>7,399</u>
<b>Net assets</b>		<u>9,947</u>	<u>13,147</u>
<b>Equity</b>			
Issued capital	10	90,621	90,621
Other contributed equity	10	2,017	2,010
Reserves		(436)	(969)
Accumulated losses		<u>(82,255)</u>	<u>(78,515)</u>
<b>Total equity</b>		<u>9,947</u>	<u>13,147</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 2021**

<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 2020	85,546	1,952	110	1,722	(71,422)	17,908
Loss after income tax benefit for the half-year	-	-	-	-	(3,854)	(3,854)
Other comprehensive income for the half-year, net of tax	-	3	-	(1,287)	-	(1,284)
Total comprehensive income for the half-year	-	3	-	(1,287)	(3,854)	(5,138)
<i>Transactions with owners in their capacity as owners:</i>						
Contributions of equity, net of transaction costs	4,717	-	-	-	-	4,717
Share-based payments	-	-	40	-	-	40
Balance at 30 June 2020	90,263	1,955	150	435	(75,276)	17,527

<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

*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 2021**

	<b>Consolidated</b>	
	<b>30 June 2021</b>	<b>30 June 2020</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Cash flows from operating activities</b>		
Receipts from customers (inclusive of GST and equivalents)	2,524	3,099
Payments to suppliers and employees (inclusive of GST and equivalents)	(3,241)	(7,529)
	(717)	(4,430)
Interest and other finance cost paid	(3)	-
Net cash used in operating activities	(720)	(4,430)
<b>Cash flows from investing activities</b>		
Payments for plant and equipment	-	(8)
Payments for intangibles	(179)	(366)
Net cash used in investing activities	(179)	(374)
<b>Cash flows from financing activities</b>		
Proceeds from issue of shares	-	5,037
Shares buy-back	-	(140)
Legal fees for proposed equity raising	-	(394)
Net cash from financing activities	-	4,503
Net decrease in cash and cash equivalents	(899)	(301)
Cash and cash equivalents at the beginning of the financial half-year	1,533	3,104
Effects of exchange rate changes on cash and cash equivalents	8	(89)
Cash and cash equivalents at the end of the financial half-year	642	2,714

*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 2021**

**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 7 December 2021. 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 2021 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 2020.

**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 2021, the Consolidated Entity incurred a loss after tax of \$3,740,000 (2020: \$3,854,000) and had net cash outflows from operating activities of \$720,000 (2020: \$4,430,000). As at 30 June 2021, the Consolidated Entity's cash position as \$642,000; and current liabilities exceed current assets. In early November 2021, one of the main providers of disbursements within the Motorfy division advised that it would be temporarily pausing disbursements while it addresses its own internal issues that are unrelated to LatAm Autos. The pause in disbursements by this third party has had an adverse impact on the Consolidated Entity's financial performance and liquidity in November 2021 and likely December 2021.

The directors note the following mitigating factors, which are further outlined in Note 11:

- The short-term loan facility of \$400,000
- The expectation that all of the \$5,830,000 of convertible notes will be converted into issued capital
- The planned capital raise, of which \$1,000,000 is already subscribed for
- Management's renewed strategy to generate revenue growth and positive cash flows in future periods

However, it is not clear that the short-term loan facility will be sufficient for the Consolidated Entity's requirements or that the Subscription Agreement and conversion of the Convertible Notes will be able to be completed within the timeframe stipulated in their agreements. Management is evaluating the continued availability of funding and credit facilities and the short and/or longer-term uncertainty arising from these factors regarding the Company's ability to continue as a going concern in the foreseeable future. Management is seeking to address this issue by evaluating different options for short-term liquidity which would allow the Company to both continue as a going concern and prosper with its renewed strategy and opportunity in the Mexican and Ecuadorian auto markets.

The above represents a material uncertainty related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. Therefore the Company may be required to realise assets at different amounts to those recorded in the Statement of Financial Position and settle liabilities other than in the ordinary course of business.

**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 2020.

**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 five 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	Panama
Ecuador	Argentina
Peru	

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 2021**

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

*Operating segment information*

	Argentina \$'000	Ecuador \$'000	Panama \$'000	Mexico \$'000	Peru \$'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 - 30 June 2020</b>						
<b>Revenue</b>						
Sales to external customers	-	665	-	1,736	18	2,419
<b>Total revenue</b>	-	665	-	1,736	18	2,419
Operating expenses	(11)	(838)	(2)	(2,878)	(35)	(3,764)
<b>EBITDA</b>	<b>(11)</b>	<b>(173)</b>	<b>(2)</b>	<b>(1,142)</b>	<b>(17)</b>	<b>(1,345)</b>

	<b>Consolidated</b>	
	<b>30 June 2021</b>	<b>30 June 2020</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Revenue</b>		
Revenue from contracts with customers	2,300	2,419
Interest income	-	2
Other revenue	26	227
Group revenues	<u>2,326</u>	<u>2,648</u>
<b>Profit or loss</b>		
Total reportable segment EBITDAs	(296)	(1,345)
Interest income	-	2
Other revenue	26	227
Foreign exchange loss	-	(3)
Financial expenses	(275)	(322)
Depreciation and amortisation expenses	(424)	(698)
Share-based payments expense	(37)	(40)
Impairment	(2,284)	(82)
Other non-reportable segment expenses	(450)	(1,593)
	<u>(3,740)</u>	<u>(3,854)</u>

**LatAm Autos Limited**  
**Notes to the consolidated financial statements**  
**30 June 2021**

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

*Geographical information*

	Sales to external customers		Geographical current assets		Geographical non-current assets	
	30 June 2021 \$'000	30 June 2020 \$'000	30 June 2021 \$'000	31 December 2020 \$'000	30 June 2021 \$'000	31 December 2020 \$'000
Mexico	1,713	1,736	1,579	1,467	7,136	
Ecuador	587	665	1,122	1,090	7,152	
Panama	-	-	6	6	4	
Peru	-	18	21	22	-	
Australia	-	-	109	931	-	
	<u>2,300</u>	<u>2,419</u>	<u>2,837</u>	<u>3,516</u>	<u>14,292</u>	<u>1</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**

	Consolidated	
	30 June 2021 \$'000	30 June 2020 \$'000
<b>From continuing operations</b>		
<i>Revenue from contracts with customers</i>		
Sales revenue	<u>2,300</u>	<u>2,419</u>
<i>Other revenue</i>		
Interest revenue	-	2
Other revenue	<u>26</u>	<u>227</u>
	<u>26</u>	<u>229</u>
Revenue from continuing operations	<u>2,326</u>	<u>2,648</u>



**LatAm Autos Limited**  
**Notes to the consolidated financial statements**  
**30 June 2021**

**Note 5. Revenue (continued)**

*Disaggregation of revenue*

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

	Classifieds \$'000	Cross sells \$'000	Total \$'000
<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>
<b>Consolidated - 30 June 2020</b>			
<i>Geographical regions</i>			
Mexico	715	1,021	1,736
Ecuador	630	35	665
Peru	18	-	18
	<u>1,363</u>	<u>1,056</u>	<u>2,419</u>

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

<b>Consolidated – 30 June 2021</b>	Mexico \$'000	Ecuador \$'000	Peru \$'000	Total \$'000
Services provided at a point in time	1,288	438	-	1,726
Services transferred over time	<u>425</u>	<u>149</u>	<u>-</u>	<u>574</u>
	<u>1,713</u>	<u>587</u>	<u>-</u>	<u>2,300</u>
<b>Consolidated – 30 June 2020</b>	Mexico \$'000	Ecuador \$'000	Peru \$'000	Total \$'000
Services provided at a point in time	1,336	470	18	1,824
Services transferred over time	<u>400</u>	<u>195</u>	<u>-</u>	<u>595</u>
	<u>1,736</u>	<u>665</u>	<u>18</u>	<u>2,419</u>

The consolidated aggregate amount of the transaction price allocated to the performance obligations that are partially unsatisfied as of 30 June 2021 was \$440,000 (June 2020: \$347,000). 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 2021</b>	<b>30 June 2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Trade receivables - current	1,132	916
Less: Allowance for expected credit losses	(412)	(331)
	<u>720</u>	<u>585</u>
Other accounts receivable - current	112	114
Sales taxes receivable - current	323	1,149
	<u>1,155</u>	<u>1,848</u>
Sales taxes receivable - non current	<u>1,393</u>	<u>589</u>

*Sales taxes receivable - current*  
Represents withholding income tax.

*Sales taxes receivable - current*  
Represents VAT receivable, as a conservative approach the Consolidated Entity has reallocated all the VAT as non-current due to the uncertainty factors mentioned in note 2, Going concern.

**Note 7. Discontinued operations**

*Description*

The Argentinian and Panamanian operations were discontinued in 2017 with the offices being closed and those companies no longer having marketing or employee expenses.

*Financial performance information*

	<b>Consolidated</b>	
	<b>30 June 2021</b>	<b>30 June 2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Employee benefits expense	-	-
Depreciation and amortisation expense	-	(1)
Impairment	(1)	(9)
Professional and consulting fees expense	-	(9)
Other expenses	-	(4)
	<u>-</u>	<u>-</u>
Total expenses	<u>(1)</u>	<u>(23)</u>
Loss before income tax expense	-	(23)
Income tax expense	-	-
	<u>-</u>	<u>-</u>
Loss after income tax expense from discontinued operations	<u>(1)</u>	<u>(23)</u>

**LatAm Autos Limited**  
**Notes to the consolidated financial statements**  
**30 June 2021**

**Note 7. Discontinued operations (continued)**

*Cash flow information*

	<b>Consolidated</b>
	<b>30 June 2021    30 June 2020</b>
	<b>\$'000                \$'000</b>
Net cash used in operating activities	<u>                    -                      (1)</u>

**Note 8. Intangibles**

	<b>Consolidated</b>
	<b>30 June 2021    31 December 2020</b>
	<b>\$'000                \$'000</b>
Goodwill - at cost	14,279                      15,776
Less: Impairment	<u>(2,216)                      (1,923)</u>
	<u>12,063                      13,853</u>
Software - at cost	8,376                      8,166
Less: Accumulated amortisation - software	<u>(7,593)                      (7,197)</u>
	<u>783                      969</u>
Domain names and trademarks - at cost	2,438                      2,375
Less: Accumulated amortisation - Domain names and trademarks	<u>(1,131)                      (1,049)</u>
	<u>1,307                      1,326</u>
Content - at cost	144                      144
Less: Accumulated amortisation - content	<u>(144)                      (144)</u>
	<u>-                      -</u>
	<u><u>14,153                      16,148</u></u>

*Reconciliations*

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

<b>Consolidated</b>	Domain names and trademarks \$'000	Software \$'000	Goodwill \$'000	Total \$'000
Balance at 1 January 2021	1,326	969	13,853	16,148
Impairment	-	-	(2,216)	(2,216)
Additions	-	179	-	179
Amortisation expense	(78)	(322)	-	(400)
Exchange differences	59	(43)	426	442
	<u>1,307</u>	<u>783</u>	<u>12,063</u>	<u>14,153</u>
Balance at 30 June 2021	<u><u>1,307</u></u>	<u><u>783</u></u>	<u><u>12,063</u></u>	<u><u>14,153</u></u>

**Note 9. Convertible Note**

	<b>Consolidated</b>	
	<b>30 June 2021</b>	<b>31 December 2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Convertible note at fair value	<u>5,830</u>	<u>5,559</u>

The key terms of the Notes are as follows:

- 3-year term
- 8% p.a. interest rate paid quarterly or capitalised
- Fixed conversion price of \$0.16
- 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 16 cents. Conversion into ordinary shares will be subject to requisite regulatory and shareholder approvals.
- The maturity date was extended by the Noteholders for July 2021 to January 2022. The extension was approved by the Board on the 29 August 2021 and by the Noteholders on the 7 September 2021.

\*Interest expense is calculated by applying the effective interest rate of 16.2% to the liability component.

Subsequent to the end of the financial half-year, the Company has agreed with the Convertible Noteholders to redeem their notes to facilitate the Company to raise capital. The conversion price of the notes agreed is \$0.015. To be approved by shareholders at an Extraordinary General Meeting.

**Note 10. Issued capital and other contributed equity**

**(a) Issued capital**

	<b>Consolidated</b>			
	<b>30 June 2021</b>	<b>31 December 2020</b>	<b>30 June 2021</b>	<b>31 December 2020</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 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.

**Note 10. Issued capital (continued)**

**(b) Other contributed equity**

	<b>Consolidated</b>	
	<b>30 June 2021</b>	<b>31 December 2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Convertible notes	1,394	1,394
Other contributed equity	623	616
	<u>2,017</u>	<u>2,010</u>

**Note 11. Events after the reporting period**

Subsequent to the end of the financial half-year, the Company received a short-term loan facility (the 'Loan Facility Agreement') of \$400,000 from a current shareholder and Non-executive Director, Louis Joseph. The Interest Rate under the Loan Facility Agreement is 2% per annum repayable by 1 February 2022.

It is intended that the principal and interest owing under the Loan Facility Agreement will be repaid out of the subscription application amount under the Subscription Agreement.

The intent of the Loan Facility Agreement was to provide a bridge finance facility to allow for an Independent Experts Report to be prepared ahead of an EGM which would consider allowing the Convertible Note holders to redeem their Convertible notes on the same basis as the subscription agreement at a price of \$0.015 per share. The conversion of the Convertible notes is considered important for facilitating capital raising efforts by the Company.

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 issues that are unrelated to LatAm Autos. The Company has been told that these operations will recommence shortly. The pause in disbursements by this third party has had an impact on the Company's financial performance and liquidity in November 2021 and likely December 2021.

The consequences of the pause in disbursements affect the Company's liquidity position. It is not clear that the Loan Facility Agreement will be sufficient for the Company's requirements. The Company is evaluating the continued availability of funding and credit facilities and the short and/or longer-term uncertainty arising from these factors regarding the Company's ability to continue as a going concern in the foreseeable future.

Despite the Company having agreed with the Convertible Note holders to redeem their notes to facilitate the Company to raise capital and the Company having entered into a subscription agreement with a current minor shareholder and Director, Louis Joseph, under which the investor has agreed to subscribe \$1,000,000 at \$0.015 per share, the implications of the current liquidity issues facing the Company might impede the ability to execute this transaction as the Company might have to explore alternative financing options prior to it being able to execute the agreements as foreshadowed.

There is a material uncertainty related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern and, therefore, that the entity might be unable to realise its assets and discharge its liabilities in the normal course of business.

Subsequent to the end of the financial half-year, Tim Handley and Donald Cahill have resigned to board of the Company. Also, Louis Joseph has been appointed as a Non-executive Director and Gareth Bannan, current CFO has become a Director of the Company.

No other matters or circumstances have arisen since 30 June 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.

**LatAm Autos Limited**  
**Directors' declaration**  
**30 June 2021**

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 2021 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

7 December 2021

# Independent Auditor's Report

## To the Members of LatAm Autos Ltd

### Report on the review of 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 2021, 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, nothing has come to our attention that causes us to believe that the half year financial report of LatAm Autos Ltd does not give a true and fair view of the financial position of the Group as at 30 June 2021, and of its financial performance and its cash flows for the half year ended on that date, in accordance with the *Corporations Act 2001*, including complying with Accounting Standard AASB 134 *Interim Financial Reporting*.

#### 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 LatAm Autos Ltd in accordance with 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.

#### 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 \$3,740,000 during the half year ended 30 June 2021 and had net cash outflows from operating activities of \$720,000. 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. 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.

### Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.



Grant Thornton Audit Pty Ltd  
Chartered Accountants



M J Climpson  
Partner – Audit & Assurance

Melbourne, 7 December 2021