

LAA SHAREHOLDER UPDATE & UNAUDITED ACCOUNTS FOR 2022

April 2023

Dear Shareholders,

We write to provide you with an update on the Company.

Accompanying this note you will find:

2021 Annual Report (Audited)

2022 Preliminary Accounts (Unaudited)

The Company has endured a difficult time in recent years.

The onset of the pandemic was particularly challenging across the company's operating markets, as economic activity declined and liquidity in the used car market reduced significantly.

The Company's troubles were further compounded when the principal financier of its Motorfy division (Credito Real) ran into financial difficulty, ultimately going into liquidation. To put this in context, prior to Credito Real's liquidation, its partnership with Motorfy provided upwards of 40% of the Company's revenue in both 2020 and 2021. Losing this revenue against a largely fixed cost structure has been difficult for the Company.

Consequently, the Company spent much of 2022 exploring options that might help address these operating difficulties, this included a full or partial sale of the businesses operating units or some form of strategic cooperation with industry participants. Despite receiving considerable interest, the options presented were not sufficiently satisfactory for all stakeholders in the Company.

As a result, the Company has decided to embark on a significant restructure of its affairs.

The restructure is aimed at addressing two key components of the business:

1. Reducing the operating cost base of the business
2. A technology investment program aimed at improving the products the company offers its respective markets.

The first component has resulted in a management restructure. The Chief Executive Officer, Jorge Mejia, the Chief Financial Officer, Gareth Bannan, and the Chief Technology Officer, Jacobo Moreno, have stepped back from their operating roles with the Company.

We thank Jorge, Gareth and Jacobo for their years of effort and dedication to the Company. They remain supportive colleagues of the Company and the team; as collectively we seek to overcome the challenges that the Company faces. Both Jorge and Gareth will retire as Directors of the Board of Latam Autos Ltd as of March 2023.

The Company will now be led by Patricia Cordon, previously the Chief Operating Officer of the Company, working closely with another long-term team member, Jairo Ante, as Financial Director. Patricia has deep operating experience in the industry, she understands the value that Latam Autos can deliver within the auto market in Mexico and Ecuador.

We have every confidence in Patricia, Jairo and their team. They are being supported by an investment in the Company's technology suite, with the aim of having the best product in the market.

The Company has worked hard to bring on alternative financiers for its Motorfy division, which is now starting to show signs of progress as it works to alleviate the gap left by Credito Real.

The Company will now focus on three principal activities:

1. Auto Classifieds in Mexico
2. Auto Classifieds in Ecuador
3. Motorfy Auto Loan Origination in Mexico

After a brutal five years, the competitive landscape has started to show signs of rationalisation. Many competitors were afflicted by the same poor economics that have affected the Company. Many of these competitors have now decided to depart the market.

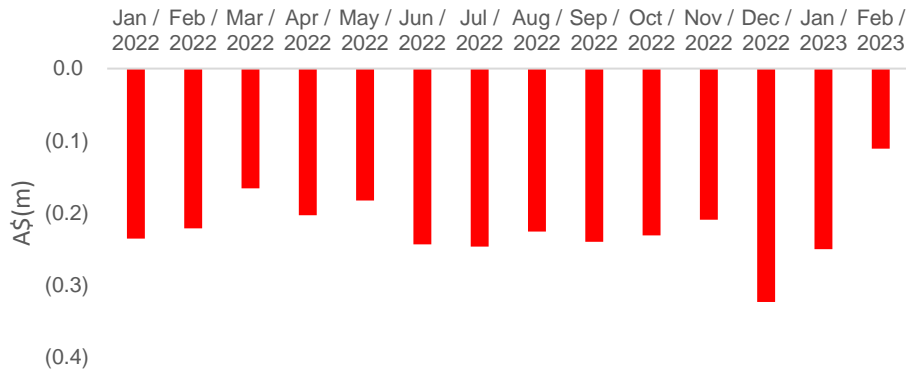
The Company has been supported through the most difficult period of its history with substantial financial loans from entities associated with the Chairman of the Company, Mike Fitzpatrick. Since February 2022, this financial contribution in the form of a loan has totalled \$3,960,300.

The Directors and Management of the Company are acutely aware that the financial results and performance of the Company have not been satisfactory. The challenges have been immense, the initial scope of the Company was too broad and the industry economics have to date been poor. As shareholders, we feel your pain. Not a single cent has been paid to your Directors since September 2021 when changes were made to the Board and all Directors have lent the Company substantial financial support.

When faced with a difficult decision on the future of the Company, the Directors and Management have determined to structure to business to give the Company the best chance of success. This has been done by reducing our cost base significantly and investing resources in enabling the Company to have the best product in the market. We are not there yet, but we intend to achieve our goals.

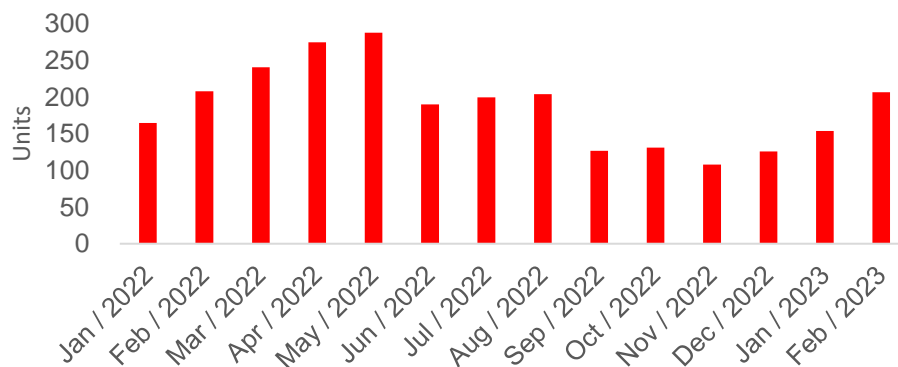
To provide some context on the cost reductions achieved:

Monthly EBITDA for 2022 and first two months of 2023



We are working hard to reduce the monthly negative EBITDA and toward an objective of achieving positive EBITDA by the end of 2023. Notably, the December 2022 and January 2023 include one-off expenses related to severances, excluding those amounts there has been a significant reduction in negative EBITDA. We aim to achieve this through a combination of increased revenue from an improved classifieds platform coupled with diligent cost management.

Monthly unit sales for Motorfy Credit for 2022 until February 2023



As of early 2023, the Company has finalised new agreements with financial institutions for the Motorfy business unit. The Company was able to improve the economic terms of the agreements from those which prevailed in 2022. The Company is working hard to achieve profitability within this division.

As a team, we are committed to doing our best to turn this business around. There remains a compelling market opportunity in both Mexico and Ecuador if we are good enough to capitalise on the opportunity.

Thank you for your support.

Directors
Latam Autos Ltd

For more information, please contact:
investors@latamautos.com

Annexes

1. Proforma 2022 Consolidated statement of profit or loss (unaudited)*

	Consolidated	
	2022	2021
	\$'000	\$'000
Revenue	3,325	4,585
Interest income	2	–
Expenses		
Commissions and relate expenses	(1,162)	(1,647)
Printing costs	(51)	(51)
Advertising expenses	(153)	(244)
Employee benefits expense	(3,495)	(3,147)
Depreciation and amortisation expense	(92)	(828)
Impairment of assets	(65)	(18,739)
Operating lease expense	(87)	(92)
Professional and consulting fees expense	(478)	(620)
Travel expense	(24)	(39)
Technology expenses	(431)	(432)
Other expenses	(356)	(382)
Finance costs an related cost	(689)	(555)
Loss before income tax	(3,756)	(22,191)

Figures presents in A\$ thousands

* Unaudited information, not expected to have major adjustments during the audit process

2. Proforma 2022 Consolidated statement of financial position (unaudited)*

	Consolidated	
	2022	2021
	\$ '000	\$ '000
Assets		
Current assets		
Cash and cash equivalents	669	273
Trade and other receivables	537	785
Other	73	123
Total current assets	1,279	1,181
Non-current assets		
Property, plant and equipment	50	86
Intangibles	275	—
Total non-current assets	325	86
Total assets	1,604	1,267
Liabilities		
Current liabilities		
Trade and other payables	5,235	1,541
Employee benefits	158	189
Other	23	24
Contract liabilities - deferred service income	492	440
Financial liabilities	6,654	6,440
Total current liabilities	12,562	8,634
Non-current liabilities		
Deferred tax	—	11
Employee benefits	165	154
Total non-current liabilities	165	165
Total liabilities	12,727	8,799
Net assets	(11,124)	(7,532)
Equity		
Issued capital	90,621	90,621
Other contributed equity	2,028	2,011
Reserves	193	46
Accumulated losses	(103,966)	(100,210)
Total equity	(11,124)	(7,532)

Figures presented in A\$ thousands

* Unaudited information, not expected to have major adjustments during the audit process

About LatAm Autos

LatAm Autos is a leading online car transaction market place with operations in Mexico and Ecuador. 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.

Caution Regarding Forward-Looking Information

This document may contain certain "forward-looking statements". The words "anticipate", "believe", "expect", "project", "forecast", "estimate", "outlook", "upside", "likely", "intend", "should", "could", "may", "target", "plan" and other similar expressions are intended to identify forward-looking statements. Indications of, and guidance on, future earnings and financial position and performance, are also forward-looking statements, as are statements regarding LatAm Autos' plans and strategies and the development of the market. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of LatAm Autos, which may cause actual results to differ materially from those expressed or implied in such statements. LatAm Autos cannot give any assurance or guarantee that the assumptions upon which management based its forward-looking statements will prove to be correct or exhaustive beyond the date of its making, or that LatAm Autos' business and operations will not be affected by other factors not currently foreseeable by management or beyond its control. Such forward-looking statements only speak as at the date of this announcement and LatAm Autos assumes no obligation to update such information. The release, publication or distribution of this presentation in jurisdictions outside Australia may be restricted by law.