

## **LAA SHAREHOLDER UPDATE & PRO FORMA ACCOUNTS FOR 2023**

**January 2024**

Dear Shareholders,

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

Accompanying this note you will find:

2022 Annual Report (Audited)  
2022 Half-Year Report (Audited)  
2023 Preliminary Accounts (Unaudited)

The year 2023 was one of major change for the Company.

The year commenced with a necessary re-evaluation of the Company's position after a turbulent and difficult 2022. The Company was forced to undertake a thorough diagnosis of the underlying challenges facing the business, following enduring financial losses from the Classifieds divisions and the reality that its long-term credit partner in the Motorfy division, Credito Real, would not be returning to its former contribution.

Whilst a misalignment between revenue and costs had been clear for some time. One clear conclusion that the Company arrived at was an urgent need to realign the cost base to the current revenue from the three operating divisions. The second conclusion was that revenue generation needed to increase across all the Company's operating divisions.

In addressing the need for significant cost reductions, headcount and personnel expenses stood out as the Company's largest expense item. This resulted in the departure of the Chief Executive Officer, Chief Financial Officer and Chief Technology Officer. The Company was fortunate to be able to promote from within, with excellent executives in Patricia Cordon and Jairo Ante stepping into the roles of Chief Executive Officer and Chief Financial Officer during 2023.

In addition to reductions across personnel expenses, the Company implemented a major cost out program across every single line item in the Company's income statement.

The results of the cost reduction program in 2023, expenses are expected to decline by \$1.9m or -27% year on year by December 2023.

The other conclusion from the Company's diagnostic efforts was that of the necessity to increase revenues. In essence this has required a two-fold approach. Initially, it was clear that the Company needed a major upgrade of its Classifieds platform if it were to be able to deliver compelling value for users and customers, whilst earning the right to increase revenue. The second element identified was the imbalanced economics across the Motorfy

division between the economics forthcoming for Motorfy compared with the significant value the Company is creating for its financial partners.

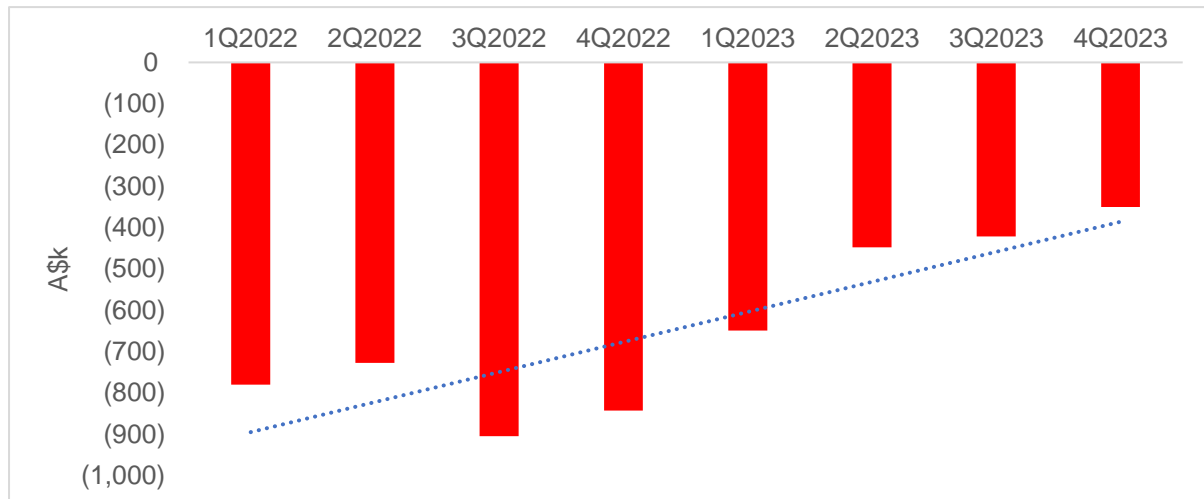
The first priority with respect to revenue objectives was the upgrade of the Company's Classified technology and functionality. This overhaul took all of 2023 to develop. An enormous body of work was undertaken by the team, with Patricia and the IT team doing an outstanding job. At the end of 2023 the new platform was launched in Mexico, with a launch in Ecuador imminent. The new platform aims to ensure the Company can offer users of the Classifieds product and customers (sellers and advertisers) the very best product in the market when evaluated on functionality and user experience. One product of the review has been to focus on automations and internal technology solutions to aid scalability. The Company has been collaborating with tier 1 providers to imbed this into the new platform.

The second priority of the revenue initiatives was to seek a fair alignment between the revenue the Company receives for its work across the Motorfy division and the significant value it delivers for financial partners. This required an exhaustive appraisal of the work undertaken and the results achieved. Whilst the outcomes of this work are still ongoing, the Company must be remunerated fairly for its results or changes must be made. We look forward to updating you further on our results in this domain, as we think there is a significant opportunity for the Company to produce results commensurate with the amount of value it is currently delivering to its counterparties.

As we look to 2024, we are conscious that the Company remains reliant on access to capital to complete the turnaround and embark on the growth initiatives foreshadowed. With capital markets remaining challenged, the Company must overcome its reliance on external capital to fund operations whilst also finding a way to simplify the balance sheet.

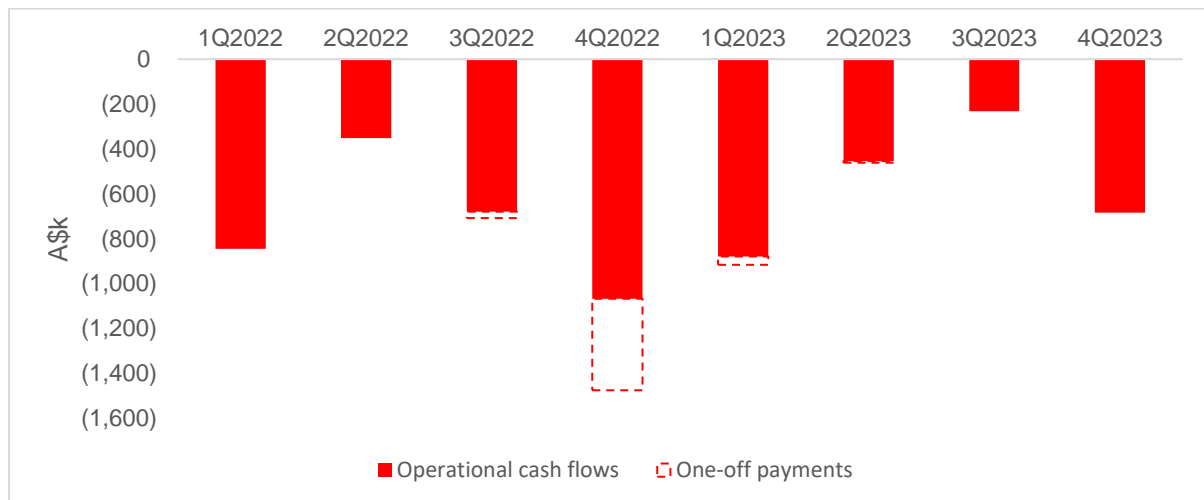
In addition, the Company will continue to strive to rebuild the commerciality of the business, reset and rebuild Motorfy.

### EBITDA Performance 2022 - 2023<sup>1</sup>



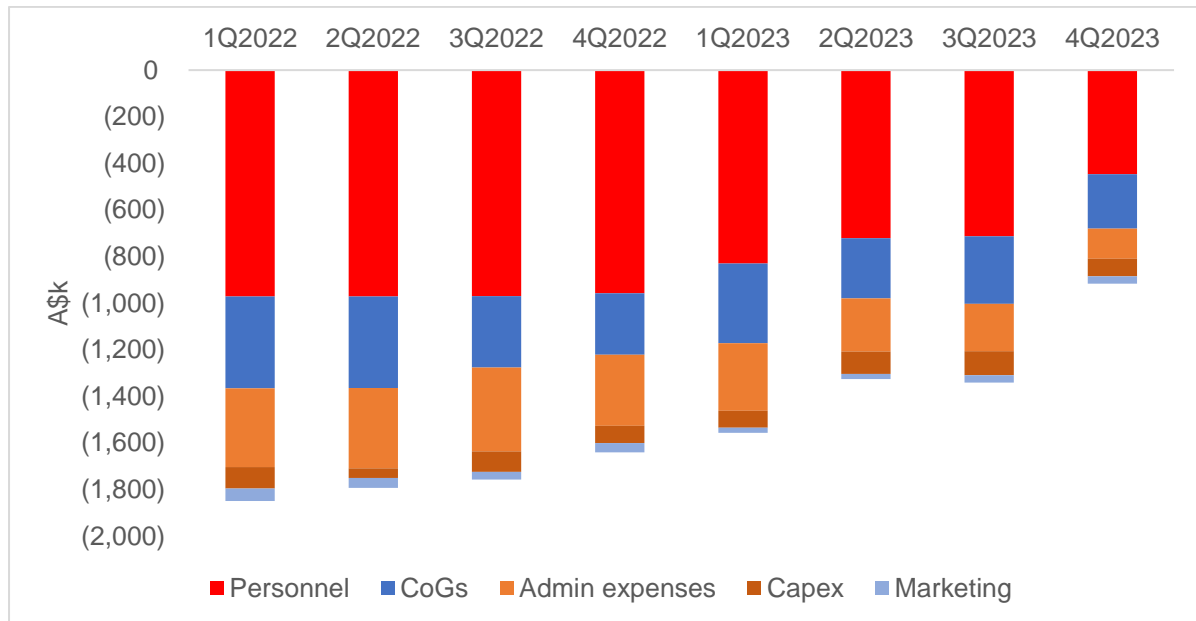
### Cash Flows 2022 – 2023<sup>2</sup>

Note: The Chairman supported the Company with \$2,025,000 of funding during 2023.



<sup>2</sup> FX rates for all time periods used as per the Nov-2023 rates to show consistent A\$ values

## OPEX & CAPEX 2022 – 2023<sup>3</sup>



Sincerely,

Directors  
Latam Autos Ltd

For more information, please contact:  
[investors@latamautos.com](mailto:investors@latamautos.com)

<sup>3</sup> FX rates for all time periods used as per the Nov-2023 rates to show consistent A\$ values

## Annexes

### 1. Proforma 2023 Consolidated statement of profit or loss (unaudited)\*

	<b>Consolidated</b>	
	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Revenue</b>	3,697	3,322
Interest income	–	2
<b>Expenses</b>		
Commissions and relate expenses	(1,138)	(1,162)
Printing costs	(90)	(51)
Advertising expenses	(124)	(153)
Employee benefits expense	(3,381)	(3,823)
Depreciation and amortisation expense	(18)	(31)
Impairment of assets	(35)	(69)
Operating lease expense	(58)	(87)
Professional and consulting fees expense	(600)	(446)
Travel expense	(16)	(24)
Technology expenses	(327)	(431)
Other expenses	(198)	(289)
Finance costs an related cost	(685)	(627)
<b>Loss before income tax</b>	<b>(2,973)</b>	<b>(3,869)</b>

Figures presented in A\$ thousands

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

## 2. Proforma 2023 Consolidated statement of financial position (unaudited)\*

	Consolidated	
	2023	2022
	\$'000	\$'000
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	399	669
Trade and other receivables	657	591
Other	51	70
Total current assets	1,107	1,330
<b>Non-current assets</b>		
Property, plant and equipment	40	50
Total non-current assets	40	50
<b>Total assets</b>	1,147	1,380
<b>Liabilities</b>		
<b>Current liabilities</b>		
Trade and other payables	1,649	1,687
Employee benefits	131	131
Other	23	23
Contract liabilities - deferred service income	506	492
Financial liabilities	12,823	10,062
Total current liabilities	15,132	12,395
<b>Non-current liabilities</b>		
Employee benefits	130	131
Total non-current liabilities	130	131
<b>Total liabilities</b>	15,262	12,526
<b>Net assets</b>	(14,116)	(11,146)
<b>Equity</b>		
Issued capital	90,621	90,621
Other contributed equity	2,085	2,086
Reserves	69	67
Accumulated losses	(106,891)	(103,920)
<b>Total equity</b>	(14,116)	(11,146)

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](http://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.