

LatAm Autos De-listing & Capital Raising Presentation

February 2020



Overview

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Section 1 – Executive Summary



Executive Summary

De-listing	<ul style="list-style-type: none">▪ Board considers a de-listing of LAA to be in the best interests of shareholders▪ In the Board's view, LAA shares are undervalued – there is lack of support from equity capital markets, substantial administrative costs associated with listing and potential for greater flexibility to progress future funding alternatives / strategic transactions as an unlisted entity
Rights offer	<ul style="list-style-type: none">▪ LAA to simultaneously undertake a \$5M Rights Offer (subject to shareholder approval of de-listing) at 3.0 cents per share representing a 9% premium to 1 month VWAP▪ Rights offer underpinned by take-up and underwriting commitments from existing shareholders currently \$5 million¹▪ Funds used to provide a minimum holding share buy back, for general working capital purposes and to restructure LAA cost base
Unmarketable parcel buyback	<ul style="list-style-type: none">▪ LAA to undertake unmarketable parcel share buy back on opt out basis▪ Minimum holding share buy back subject to shareholder approval for de-listing
Proposed capital structure	<ul style="list-style-type: none">▪ LAA intends to operate as an unlisted public company post de-listing from the ASX▪ No change to existing convertible notes / options
Timetable	<ul style="list-style-type: none">▪ 28 February 2020: Notice of EGM despatched▪ 31 March 2020: Hold extraordinary meeting▪ 7 April 2020: Lodge prospectus with ASX / ASIC▪ Mid April 2020-May 2020: Acquire unmarketable parcels, delist LAA
Future strategy	<ul style="list-style-type: none">▪ LAA is focused on further leveraging its market leading position by growing its flagship product Motorfy▪ As part of the de-listing, LAA will have the opportunity to reset its cost base and encourage new investment / corporate transactions involving parties with a focus on Latin America and who are not prepared to invest through the ASX platform

1. See page 10 for further information



Section 2 – Transaction Summary



Overview

- LAA has submitted a formal application to delist its shares from ASX
- Subject to shareholders approving the de-listing, LAA to undertake to simultaneously undertake a rights offer and an unmarketable parcel buy back¹
- Capital raising:
 - \$5M non-renounceable 2 for 7 rights offer at 3.0 cents per share representing:
 - 9% premium to 1 month volume weighted average price on ASX
 - The rights offer is to provide LAA with the working capital it requires to fund the ongoing development of the Company's software products, as well as its general working capital needs and future growth
 - A number of existing shareholders have committed to take up their entitlements, subscribe for shortfall and/or to underwrite the rights issue up to \$5 million, subject to shareholders approving the de-listing
 - Shortfall facility to be offered to existing shareholders, subject to scale back mechanics

1. LAA is not locked into the de-listing or capital raising and it reserves the right not to proceed with the de-listing or capital raising in its absolute discretion if a superior proposal emerges or circumstances otherwise change



Overview

1. LAA shares are undervalued

- ASX listed share price at an all time low
- In the view of the LAA directors, the price currently does not reflect fair market value of the company
- Trades on low multiples of revenue at a discount to peers

2. Liquidity

- Highly illiquid stock - top 20 accounting for c.70%

3. Limited shareholder support under status quo

- Shortfall (~\$3m) from its June-19 capital raise
- LAA needs capital for the business to continue

4. Administrative costs

- Additional expenses of listed structure difficult to justify
- De-listing will provide an opportunity for LAA to reduce its cost base

5. De-listing to unlock growth potential

- ASX listed structure is not appealing to other potential investors (VC's / off-shore investment funds) particularly as business primarily in Latin America
- LAA will be better placed to access capital focused on Latin America / Fintech space
- Key existing investors supportive of a capital raise through pro rata pre-commitments and further underwriting subject to de-listing being approved by shareholders

Benefits of de-listing

- Provides a liquidity event for smaller shareholders
- Facilitates a capital raising at a premium to recent trading prices
- Provides a structure that may be appealing to potential new investors
- Enables LAA to focus on growing its core product, Motorfy



There will be a number of consequences to a de-listing of LAA shares from ASX

- **Publicly traded:** LAA shares will no longer be publicly quoted and shareholders will not be able to freely trade their LAA shares on ASX
- **Capital raisings:** LAA will no longer be able to raise capital on the public equity markets, although the Board considers that the Company has limited ability to continue to raise equity from ASX investors
- **ASX Listing Rules:** The Listing Rules will no longer apply to LAA. However, LAA will remain an unlisted Australian disclosing entity (given it will have more than 100 shareholders) subject to disclosure obligations under the Corporations Act.
- **Options:** The options will cease to be quoted on ASX. However, Optionholders will retain the right to subscribe for one share for each option exercised at a price of 10 cents prior to the expiry date.



Unmarketable parcel share buy back

- The Company intends to undertake a minimum holding buy-back of unmarketable parcels of shares (i.e. parcels worth less than A\$500)
- At 3.0 cents per share, the buyback will cost a total of around \$150,000 and will result in approximately 686 shareholders having all of their shares in the Company bought back
- The record date for the minimum holding buy-back is 25 February 2020
- LAA intends to conduct the minimum holding buy-back on an 'optout' basis.
- Accordingly, all LAA shareholders holding an unmarketable parcel of shares on the record date will receive a letter outlining the process regarding the minimum holding buy-back, and will have at least 6 weeks in order to opt-out and retain their shares.



Rights offer

- Subject to shareholder approval of the de-listing, LAA will launch a non-renounceable rights offer to raise up to approximately \$5 million under a transaction specific prospectus
 - Shareholders may apply for rights issue shares over and above their pro-rata entitlements
- Existing LAA shareholders, including Log Creek and Perennial, have agreed to pre-commit to take up entitlements and to subscribe for shortfall shares or to underwrite any shortfall conditional on shareholders approving the de-Listing
- Issue price of 3.0 cents per share is the same price as the unmarketable parcel buyback and represents the following:
 - 2.7% premium to 5-day VWAP
 - 9.2% premium to 1 month VWAP
 - 3.0% premium to 2 month VWAP
- This capital will secure the near-term future for the company and enable LAA to continue to grow its business and to progress engagements with potential strategic partners
- Further details around the rights offer will be provided to shareholders in the notice of meeting expected to be despatched on or around 28 February 2020 and in the transaction specific prospectus for the rights offer expected to be lodged with ASIC and ASX and despatched to eligible shareholders in accordance with the indicative timetable set out on slide 12
- Eligible shareholders should consider the prospectus in deciding whether to participate in the rights offer. Any shareholders who wish to participate and acquire further shares in the Company under the rights offer will need to complete the entitlement and acceptance/application form that will accompany the prospectus

Use of proceeds & pro-forma capital structure



Indicative use of proceeds - A\$M

Working capital	3.6
Restructuring costs	0.8
Unmarketable buy-back	0.1
Transaction costs	0.5
Total capital raised	5.0

Pro-forma Balance Sheet - A\$M

	Dec-19	Adj.	Pro-forma
Cash	3.1	5.0	8.1
Net working capital	(1.5)	-	(1.5)
Convertible note	4.6	-	4.6
Net assets	19.7	5.0	24.7

Pro-forma Capitalisation Table¹

# shares	Dec-19	Adj.	Pro-forma
Quoted fully paid ordinary shares	592,087,013	169,167,718	761,254,731
Quoted options exercisable @10c	95,616,529	-	95,616,529
Unquoted performance rights	6,983,331	-	6,983,331
Share issued on conversion of convertible notes	46,727,870	-	46,727,870
Total diluted share capital	741,414,743		910,582,461

¹ This table is based on the total issued shares in the Company as at 26 February 2020. It does not take into account any change to the capital structure of the Company that may occur as a result of cancellation or issue of shares, including as a result of the minimum holding buy back



Event	Timing
LAA to seek commitments to i) participate in rights offer; and ii) underwrite shortfall	Up to 24 February 2020
Formal application to delist submitted to ASX	25 February 2020
Announce de-listing proposal	26 February 2020
Notice of meeting despatched to shareholders	28 February 2020
EGM	31 March 2020
Record date for determining which shareholders may participate in the minimum holding buy-back	25 February 2020
Despatch minimum holding buy-back offer and divestiture notice to holders of unmarketable parcels and give to ASX	26 February 2020
Last day for receipt of retention notices	9 April 2020
Acquisition of unmarketable parcels	14 April 2020
Lodge transaction specific prospectus	7 April 2020
Record date to participate in Rights Offer	15 April 2020
Despatch prospectus to shareholders	16 April 2020
Rights Offer closes	27 April 2020
Removal of the Company from the ASX official list	4 May 2020

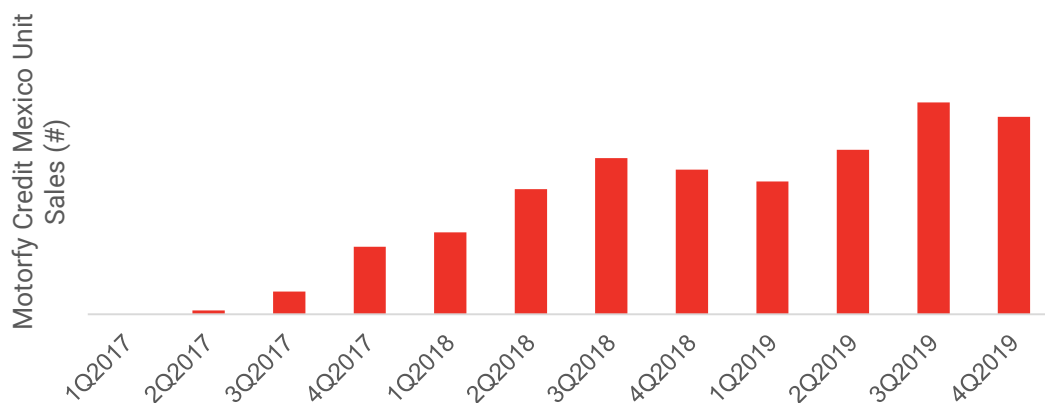


Section 3 – Business Update



Operational Performance

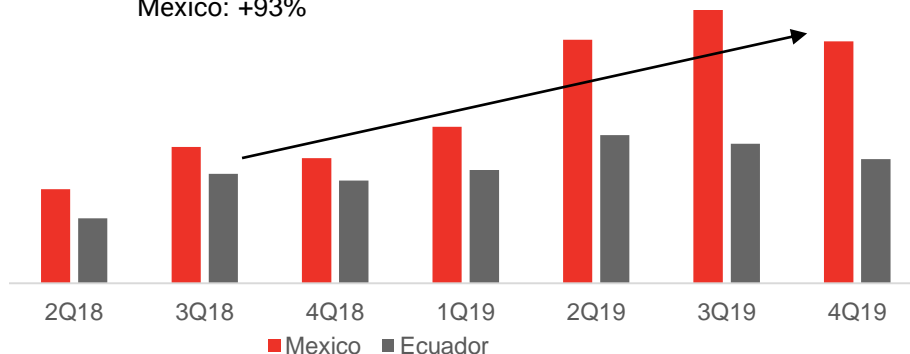
Strong Growth in Motorfy Credit Mx Unit Sales



- Robust growth in Motorfy Credit Mexico, with growth in unit sales of:
 - 49% between 1Q19 and 4Q19
 - 106% between January 2019 and January 2020
- Strong growth has continued in 2020 with January 2020 being the highest month on record for unit sales
- Future growth likely to accelerate in the event that additional financial institutions come on board the Motorfy platform

Leads to Classified Listings

Growth in leads to classifieds ads versus pcp:
Mexico: +93%



- Latam Autos' Mexican classified business, seminuevos.com, experienced very strong growth in 4Q19 versus pcp
- Continued growth in Latam Autos' Ecuadorian classified business, patiotuerca.com
- In early 2019 the Company implemented a new lead management system which resulted in greater number of leads generated to users listing cars on both classified websites



Section 4 – Future Strategy and Outlook



LAA intends to restructure its business as part of de-listing process

- The proposed restructure will streamline the LAA business, enhance managements focus to more aggressively deploy its Motorfy product across both B2B and B2C platforms and to consolidate its leading position in the classifieds market of Mexico and Ecuador

REDUCED COST BASE

- In conjunction with the structural cost savings associated with no longer being an ASX listed entity, the Company is undertaking a significant operating productivity program, aimed at a material reduction in cash burn through a combination of automation projects and a material reduction in head count.
- In addition, non performing business units will be closed and resources will be focused on high margin products.

STRATEGIC PARTNER DISCUSSION

- Recent discussions with a number of overseas investors highlighted that LAA's ASX listing is impairing its ability to access pools of capital which are focussed on investments in Latin America and the fintech space.
- The de-listing and restructure will enable to Company to more easily engage with offshore strategic partners, particularly from international private equity investors and institutions who see the Company's listing as a regulatory hurdle to them making an investment in LAA.
- Any capital raised / strategic partnership will enable LAA to continue to grow and develop the Motorfy business.



The Fintech sector is rapidly growing across Latin America

- A significant fintech industry is taking hold in the region as innovative start-ups look to leverage widespread smart phone and internet penetration to serve Latin America's massively *unbanked* and *underbanked* population¹
- Authorities in many of these countries have enacted fintech friendly regulations having identified fintech and digital financial services as a way to provide widespread financial flexibility
- International investors have entered the region in search of attractive investments - valuations have risen as it becomes harder to identify and compete for startups in mature markets like the US and UK
- Fintech growth in the region is evidenced by the vast sums that Latin American startups have raised in Q2 2019 - fintechs secured US\$481 million representing a 6-quarter high and accounting for 69% of the total raised in the region across all of 2018¹
- Valuation ranges for fintechs has been 10x to 20X revenue²

LAA is the no 1 auto lending fintech in Mexico, working with multiple financial lenders delivering various financing options to consumers

¹ Source: Global Fintech Report Q2 2019, CBINSIGHTS

² Source: Management Estimates



Appendix 1

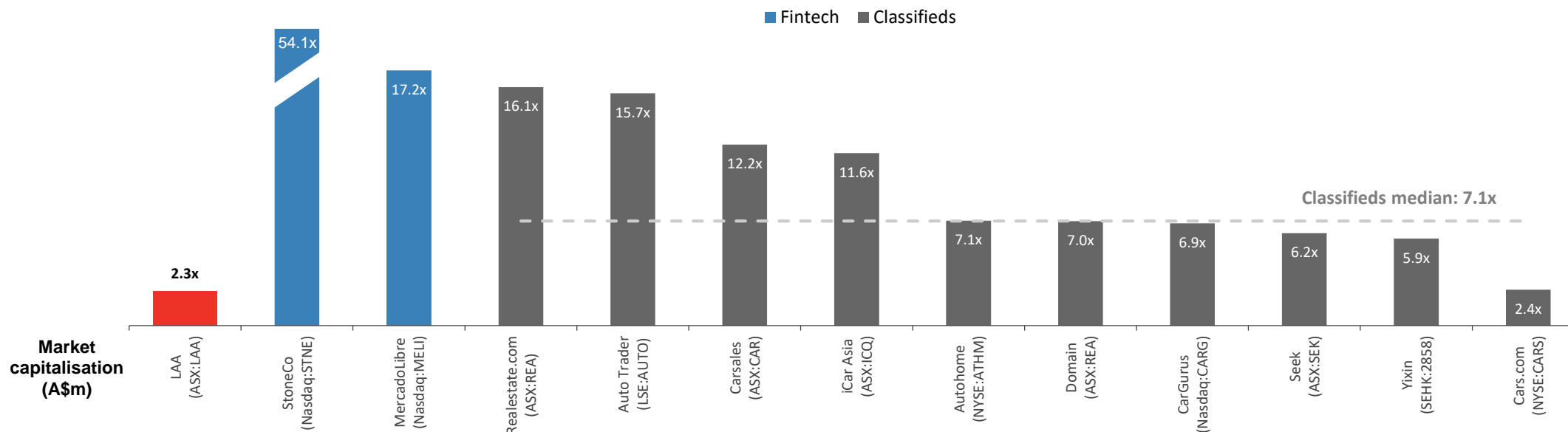


LAA trades at a material discount to peers

Valuation

- LAA currently trades at a significant discount to peers, both internationally / domestically - LAA currently trades at 2.3x EV/LTM revenue, which is a ~70% discount to the median peers set out below
- In the Board's view, the underlying value of LAA is not currently reflected in the share price
- There are limited comparable companies for the Motorfy business, however, high growth Fintech businesses generally trade at significantly higher multiples vs. classifieds businesses

EV / LTM Revenue ⁽¹⁾⁽²⁾⁽³⁾



Source: S&P Capital IQ accessed 11 February 2020 and company announcements

Note: ¹ LAA EV represents 1 month VWAP prior to entering trading half of 2.75 cents; ² LAA excluded from medians; ³ LTM represents 12 months to 30 June 2019



Recent private Latin America investments



- Atlant Fonder, Dunross & Co, IFC, EF Vostok and Elevar Equity invested US\$3.5M in Afluenta; US\$2M in Jun-18
- Afluenta is an Argentinian based marketplace lending company for consumer and SME loans

Apr-19



- Atlant Fonder, Dunross & Co and EF Vostok invested US\$11M in FinanZero
- FinanZero is an online marketplace that simplifies the credit application process in Brazil

Aug-19



- Goldman Sachs, Argo Venture, Thomvest Ventures and QED Investors invested \$42M in Credijusto; US\$100M in Mar-19



- Santander, Quona Capital and Western Technology Investments invested US\$7.5M equity, Arc labs invested US\$50M debt into Klar
- Klar is a digital bank based in Mexico

Sep-19



- Softbank invested US\$125M in Alphacredit
- Alphacredit is a Mexican based personal loans and SME financing business

Nov-19



- QED Investors and Valiant Capital invested US\$14.2M into Pitzi
- Pitzi is a Brazilian based reseller of low-cost mobile insurance

Jan-20



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