TRAXION

MOVING FOR MEXICO

2020 INTEGRATED REPORT

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*Throughout this report we have included photographs that were taken before and during the pandemic.The latter reflect the bio-safety measures implemented.

MOVING FOR MEXICO

Today more than ever, we are committed to Mexico, our customers, and our employees. Together we are moving our great country in an effort to ensure that important things don't come to a stop. Beyond achieving good results, we are proud to assume our responsibility to stay on this journey, caring for each other, in order to continue moving forward.

HOW TO READ THIS REPORT?

(GRI-102-32, 102-50, 102-51, 102-52, 102-54)

This is our second integrated report and fourth annual report since our IPO. In it, we are fulfilling our commitment to present our Group's financial and operational results in a transparent manner, in addition to including our progress in terms of our Environmental, Social, and Governance (ESG) performance. The content is also aligned with our Sustainability Strategy, which is founded on four main pillars: **Governance, People, Planet, and Growth; and 8 types of capital.**

The information corresponds to the period between January 1st and December 31st, 2020, and includes all our business units, with certain scope limitations indicated throughout the report. Data has been validated by the corresponding departments; no external verification has been conducted yet.

- It was prepared following the **GRI Standards,** in accordance with the Core option. The GRI Standards constitute the international methodology of choice for communicating non-financial performance.

- We report on the **Standards of the Sustainability Accounting Standards Board (SASB)** for the following sectors: Air Freights & Logistics, Professional & Commercial Services, and Road Transportation. With this methodology, we address the information requirements that have been presented by investors concerning ESG topics related to the company's financial stability.

- We address the recommendations of the **Task Force on Climate-related Financial Disclosures (TCFD),** which suggest a series of guidelines to inform investors on how we manage climate-related risks and opportunities.

- We inform on our contribution to the **Sustainable Development Goals (SDGs),** the global roadmap that has been proposed by the UN to address major societal challenges.

- This report constitutes our **Communication on Progress (CoP)** for the Global Compact, and we present information on the progress we have made in the implementation of its 10 principles.

- We prepared our financial information employing the **International Financial Reporting Standards (IFRS),** and results are presented in millions of nominal Mexican pesos (MXN), unless otherwise specified.

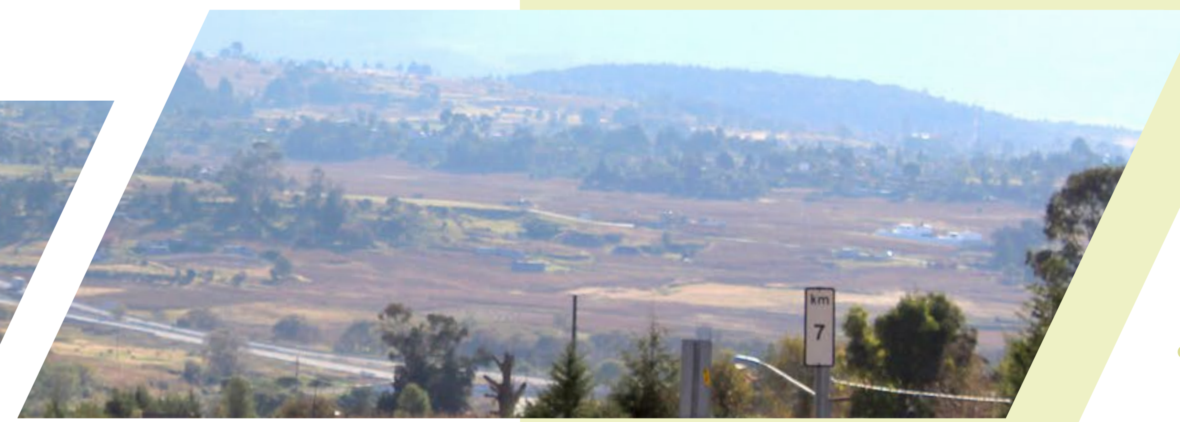
How to identify these contents:

- **At the beginning of each section:** references to the GRI Standards, SASB parameters, and TCFD recommendations.

(GRI 102-12, 102-13, 102-20, 102-22)

(TCFD GEN-GOV.a, GEN-GOV.b)

- **Specific indexes included at the end of the report:** GRI, SASB, TCFD.



HIGHLIGHTS

(GRI-102-7) (SASB TR-RO-000.C, TR-AF-000.C)

ANNUAL REVENUE

$14,298 millions; +17.6%

NET INCOME

$661 millions; +47.3%

535,855 m^2 of warehouse space; +27.7%

EBITDA

$3,018 millions; +18.0%

+563 millions of kilometers driven; +2.1%

9 own brands; launch of Traxión Logistics, Traxporta, and Traxi

EBITDA MARGIN

21.1% +10 pb

8,357 power units (average fleet); +1.4%

PRESENCE IN

32 states

HIGHLIGHTS

(GRI-102-7) (SASB TR-RO-000.C, TR-AF-000.C)

4.9 km/l fuel efficiency in personnel and student transportation

2.8 km/l fuel efficiency in cargo services

466,732 tCO_2eq Scope 1 GHG emissions

0.796 tCO_2eq / 1,000 km driven

98.5% coverage of operator positions

4.8 years - average fleet age of the cargo segment; similar to 2019

4.3 years - average fleet age of the personnel and student transportation segment; -12.2%

MORE THAN **1,000** customers

16,624 employees; +8.0%

49.1% operator turnover; 35 points below the industry

COVID

RESPONSE

(GRI 103-2, 103-3)

In the context of the pandemic, this year we demonstrated **our commitment to offer logistics and cargo services and to transport people, safely and responsibly.**

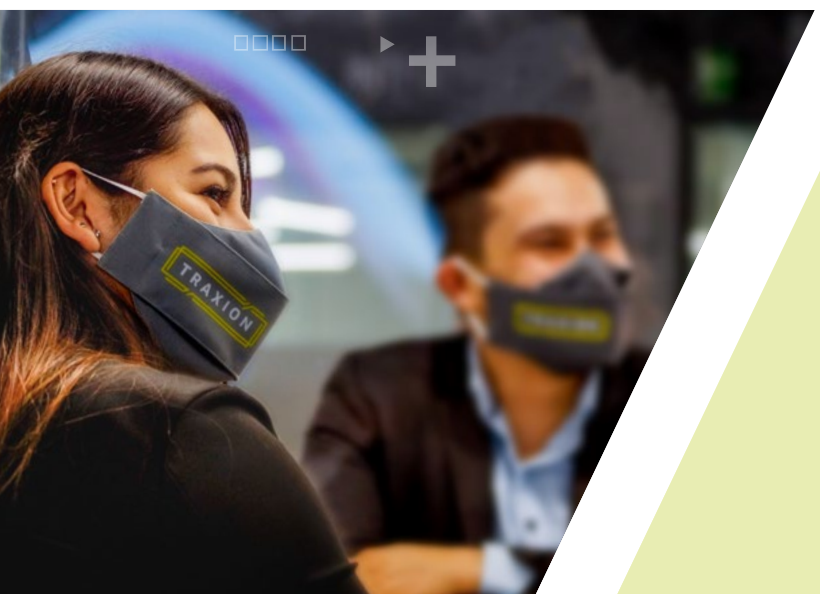
During the first months of the contingency there was a marked uncertainty and we observed major changes in the operations of our customers. However, very early on we understood that the year was offering us an opportunity to innovate and continue to provide the best service in the face of a situation that was particularly challenging for our sector and for the economy in general, without ever letting our guard down in caring for the health and safety of our people.

Our focus on prevention, our rapid response and, above all, the commitment and expertise of our work team, enabled us to respond in a fast and intelligent manner to every situation we encountered over the course of the year. This is how we were able to maximize our ability to have a positive impact on our employees, customers, community, and investors.

EMPLOYEES

Our people are among our greatest strengths. Accordingly, we opted to preserve jobs and prevent personnel cutbacks. We also adopted sanitary measures to minimize exposure and risks for our employees, in an effort to safeguard their health and wellbeing.

To this end, we promoted remote work and protection measures for employees who, given the nature of their activities, could not perform their jobs remotely, such as our operators. We adapted our workspaces to reduce contact among users.

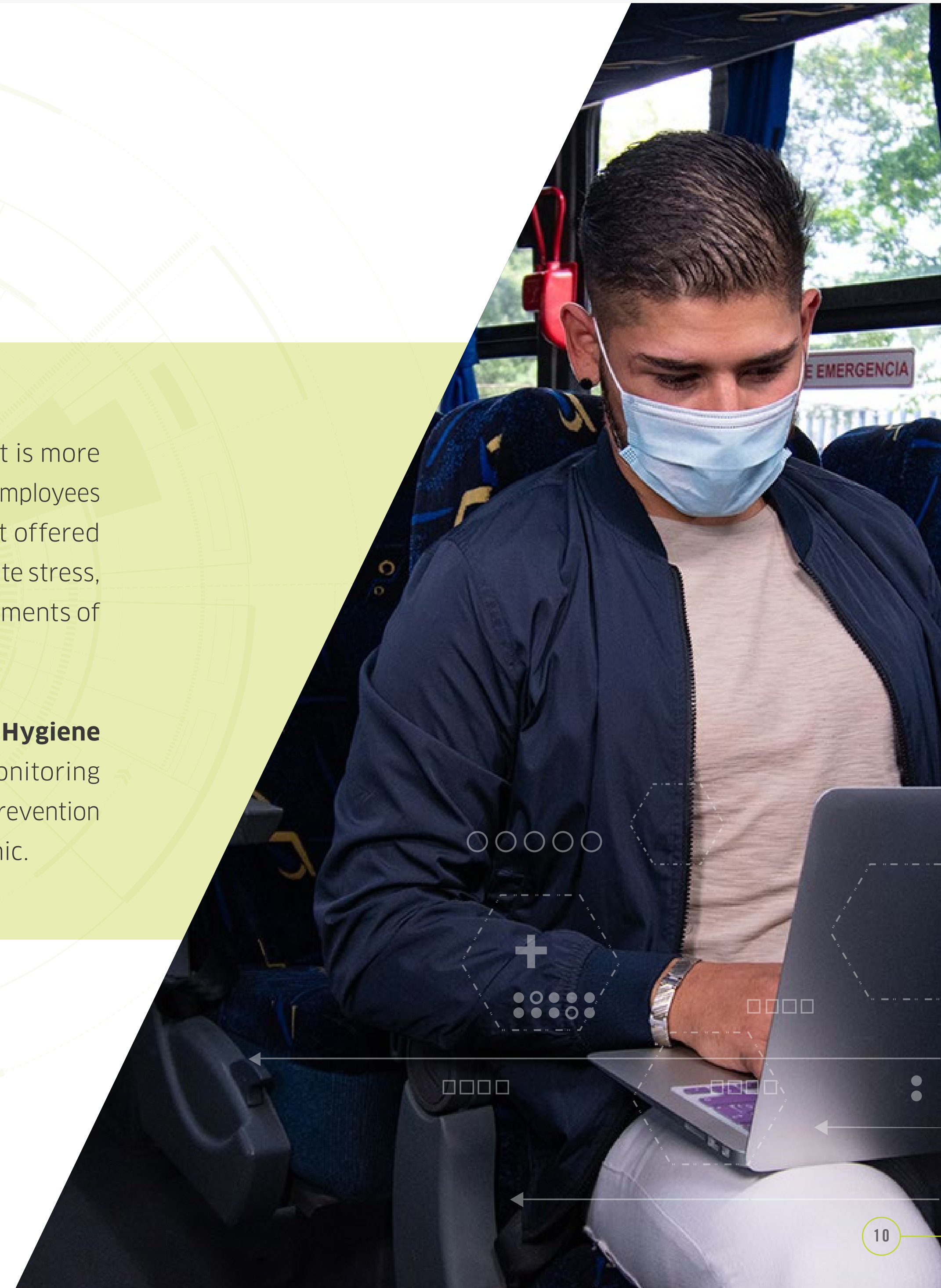


From the first moment, **we developed an extensive prevention protocol that included the following measures:**

- **Creating Risk Prevention Committees.**
- **New safety and prevention protocols,** and the corresponding employee training.
- **Sanitary access filters,** including temperature-taking and hand-sanitizing for all personnel upon entering our facilities.
- **Implementing strict sanitation guidelines and delivering protection equipment,** depending on the specific needs of each operation.
- **Response plan** for employees presenting symptoms.
- **Health monitoring**, particularly for vulnerable employees.
- **Restricting external visits,** meetings, and events.
- **Continuous communication** on preventive measures.

The personnel and student transportation segment is more exposed given the contact with people inside the units. Employees in this segment were given access to a helpline that offered them medical advice and psychological help to mitigate stress, anxiety, and depression during the most critical moments of the pandemic.

In this context, we fast-tracked the creation of a **Hygiene Committee** for each business unit, in charge of monitoring occupational health and safety, in addition to the Risk Prevention Committee that was created to address the pandemic.



CUSTOMERS

Given that non-essential industrial activities were suspended in Mexico, some of our customers in the cargo and logistics services segment were forced to temporarily stop operating, while others registered an increase in their operational activities. **The diversification of our offering, scale, and considerable operational deployment capabilities** enabled us to continue offering our services to those customers who required them, in addition to incorporating into our portfolio new customers from several industries that experienced a higher demand.

Additionally, as part of the "new normal", many of our customers in the personnel and student transportation segment were working remotely, with students taking classes online, thus temporarily suspending their need for our services. On the other hand, other customers demanded that we increase their fleet's transportation capacity so they could comply with "social distancing" measures and the corresponding reduction in the number of people that could be transported in each unit.

This resulted in an excess demand for personnel transportation units, particularly during the second half of 2020. The size and flexibility of our fleet, state-of-the-art technology, as well as Traxión's operational scale enabled us to efficiently satisfy the greater demand.

As a result of "social distancing" measures and the closing of commercial establishments, e-commerce grew significantly, accelerating its penetration in Mexico. This prompted the expansion and adaptation of our last mile solutions and other logistics channels responding to the surge in the needs of the population.

Finally, **we adapted our Traxi passenger-management technology in order to improve our service** by enabling the capability to monitor the number of passengers transported in our units. With this application, our users and customers are able to see who rode on which units and where they sat, which enables them to identify who came in contact with a user who is later reported to have tested positive for COVID-19.

COMMUNITY

2020 was an extremely challenging year for hospitals, not only in terms of the health services they offer but also socially, as there were disruptions and even isolated incidents of discrimination against medical personnel, resulting from misinformation and media manipulations. To provide some relief, **we offered our fleet infrastructure and the technology we developed for Traxi to transport medical personnel in a safe, controlled, and cost-free manner to six hospitals in three Mexican states,** driving more than 14,500 kilometers with a total of 2,236 passengers.

2,236
MEDICAL PERSONNEL TRANSPORTED

+ 14,500
KILOMETERS DRIVEN

INVESTORS

On the other hand, we worked on adapting our business plan to the new situation without affecting the interests of our investors. To this end, in April we announced that we would be deferring several capital expenditures (CapEx), in addition to implementing a cost-reduction program.

At year-end, we had invested less than had been initially established, and what we actually invested was deployed later in the year than we had expected, but we were able to guarantee revenue growth and strict compliance with the goals our management had established for 2020, as well as the long-term benefit for our investors.

Their trust in Traxión's resilience was reflected in our capacity to successfully issue debt for 2,500 million pesos in the stock market, despite the challenging economic environment.

Additionally, as part of our contingency plan, we focused on investing less on fixed assets and more on technologies that will help us to rapidly adapt our operations to the new needs of our customers. This was the case for Traxi, Traxión Logistics, and Traxporta, all of which promote asset-light businesses. It is our intention to continue to mature and position this new approach over the course of the next years.

The diversification, discipline, and innovation that have been part of Traxión since its inception, helped us achieve positive results in spite of the crisis, proving that ours is a highly resilient business model, and allowing us to continue to generate value for our stakeholders.

MESSAGE FROM THE CHAIRMAN OF THE BOARD OF DIRECTORS AND THE EXECUTIVE PRESIDENT

(GRI 102-14, 102-15)

DEAR ALL,

Last year was extremely challenging, with a complicated global environment. We focused on the health and safety of people, and on ensuring the continuity of our operations. Transportation and logistics are essential activities for society as a whole, for companies to function, for employment, and for providing goods and services to the population in general.

When we first established our 2020 budget, we had anticipated a downturn in the Mexican economy, which made us consider that we needed to consolidate our operations, reduce our leverage, and maintain only those CapEx investments that were deemed necessary, as well as optimize profitability in our installed capacity. We continued to prioritize the development of disruptive technologies to support the growth of "asset-light" businesses that utilize assets from third parties.

The effects of the pandemic changed our customers' needs and consumption patterns in general. Thanks to the diversity of our fleet and customer base, as well as the company's enormous commercial muscle, we were able to react rapidly and address those dynamic and changing requirements. In the cargo segment, we relocated part of our fleet and reorganized our operations to serve our customers efficiently. In the personnel transportation segment, we reinforced the incremental demand of our customers resulting from social distancing measures in personnel commutes. Our extensive footprint and scope allowed us to continually redirect units as measures and demand levels evolved.

In terms of the logistics business, Traxión experienced an increase in activity given the marked penetration of e-commerce and the logistics that support it, such as last mile solutions and 3PL warehousing. The company was very well positioned to capture growth from this channel and satisfy a dynamic and changing demand, all of which was possible thanks to our technological platform, operational infrastructure, and talent.

We developed activities in close collaboration with an experienced, entrepreneurial, and committed management team, ensuing in a year of excellent results despite complexities at the macro-economic level. Consolidated revenue was $14,298 million pesos, representing a 17.6% growth compared to 2019. EBITDA was $3,018 million pesos–an 18.0% increase–with a 21.1% margin. In operational terms, our average fleet included 8,357 units that drove more than 563 million kilometers.

Profitability is the company's greatest advantage, in addition to strict costs and expenses reductions, and synergies and efficiencies that are sustainable in the long-term. During the contingency, we focused on making essential investments for $891 million pesos, which enabled us to capitalize on opportunities in a profitable manner and to maintain a modern fleet.

Our growth strategy incorporates "asset-light" business models that provide comprehensive mobility solutions by employing our own infrastructure as well as that of third parties. Our technology-based logistics businesses are operated by Traxión Logistics, a digital platform that coordinates a 4PL model; Traxporta, our digital broker that connects customers with shipping companies and manages the collection and payment cycle; and Redpack, our last mile solutions operator.

In the same way, during 2020 we worked on the Traxión Management Model that is based on our Business Intelligence platform and enables us to continue making progress in terms of efficiency. The model integrates technological solutions within the SAP/S4 HANA platform that standardizes our processes and the way in which we input information. This helps us align practices among different business units and enrich the decision-making process based on timely information.

We are very grateful to our employees, whose commitment has always been paramount, but particularly so in 2020. Talent is key for Traxión, and is part of the wealth with which we have built this company and integrated companies that are sector leaders. The formality and stability we offer our operators is particularly noteworthy. We continued to make progress in reinforcing professional development and defining a framework of general competencies for the whole of our workforce, as well as specifically for top and middle management. All this is part of how we build a transversal human capital management model.

Since the beginning of the contingency, we ensured the continuity of employment. We also added new employees as the year was coming to an end and we had been capitalizing on opportunities.

In the face of the pandemic, we also ensured the health of our employees and developed an extensive prevention protocol that was managed by a Risk Prevention Committee for the whole group, and others that were established for each business unit. We facilitated remote work conditions for every possible case and provided our employees with bio-safety equipment.

Aware that the development of transportation and logistics operations needs to be linked to a

AT YEAR-END 2020, WE ALREADY HAD MORE THAN 16,600 EMPLOYEES, OR AN 8% INCREASE IN OUR WORKFORCE COMPARED TO 2019.

lower environmental impact, we sought to mitigate our contribution to climate change and offer our customers efficient solutions in the use of resources. We improved our fuel efficiency with three basic lines of work: fuel quality, through traceability of purchased fuel; motor unit conditions, ensured by renovating the fleet and with maintenance programs; driving habits, through the use of telemetry monitoring devices and operator training. In this way, we made progress in reducing the intensity of our Greenhouse Gas (GHG) emissions: in 2020, our Scope 1 emissions per km driven[1] were 4.6% lower than in 2019, and 5.1% below our 2018 level.

Additionally, this year we identified the main environmental and climate change risks in our operation, based on which we will complete an action strategy. We also reinforced our accountability by reporting on the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

Traxión's Sustainability Strategy already is an exercise in which different divisions and business units participate, enabling us to address the main ESG issues. In 2020, our Sustainability Committee began to meet and monitor our progress; we will give more responsibilities to this committee in 2021 by launching a Scorecard that will increase the amount of available information and, consequently, will improve the decision-making process. We work hard to maximize our contribution to the Sustainable Development Goals (SDGs), and we are committed to implementing the 10 Principles of the United Nation's Global Compact, which we joined in 2020.

Aware of the positive impact we can generate for society by leveraging our operational capabilities, in 2020 we created the Traxión Foundation. It was born out of the need to institutionalize and maximize the impact of social investment actions for a variety of groups in areas such as education, logistics support, and environmental stewardship.

This was a very complex year during which we continued to create value in an innovative and sustainable manner, with responsibility and transparency for all our stakeholders. We will keep taking firm strides as a company that is committed to society, the environment, and Mexico's growth.

We invite you to read our second integrated report, which was prepared employing the methodology of the Global Reporting Initiative (GRI) Standards. Additionally, this year our report follows the Standards of the Sustainability Accounting Standards Board (SASB).

Sincerely,
Bernardo Lijtszain Bimstein
Chairman of the Board of Directors

Aby Lijtszain Chernizky
Executive President

[1] From the consumption of diesel, which represents 97-98% of our energy consumption.

We have transformed mobility and logistics in Mexico, with comprehensive transportation solutions for people, cargo, and logistics, with which we address our customers' diverse needs.

At Traxión, we continued growing our traditional business segments and, at the same time, we expanded our scope in the development of technological solutions. Through the asset-light segment we offer a disruptive mobility solution which reduces the use of fixed assets and requires lower CapEx levels.

Likewise, with an innovative focus on serving our customers, we made the investments that were needed to meet the accelerated growth in the demand for logistics services resulting from the great expansion of e-commerce.

We are committed to sustainable development. To this end, we implemented a solid sustainability model with the aim of generating value for all our stakeholders. We made progress in our governance and organizational culture to include sustainability in all our operations and in every decision we make.

WE ARE TRAXIÓN

(GRI 102-16, 103-, 103-3)

We are the leading company in mobility and logistics in Mexico, and the only publicly traded company in the sector. We combine the proven expertise of benchmark companies in the cargo, logistics solutions, and personnel and student transportation segments.

Aware of the challenges and opportunities our industry is facing, **we offer comprehensive solutions by means of a wider and more diverse portfolio of services,** with unique attributes that allow us to service our customers with excellence.

MISSION:
To solve the logistic needs of our customers with integrated and quality solutions; develop and utilize efficiently our human and technological resources.

VISION:
To be the leader in the transportation and logistics sector; to create value for our stakeholders; committed to profitability, innovation, and sustainability.

VALUES:
Vision, Drive, Strength, Trust, and Teamwork.

DIFFERENTIATORS

INSTITUTIONALIZATION

Traxión was founded as an institutional company and operates based on solid corporate governance guidelines, which is unique in our sector in Mexico. We are the first and only publicly traded ground transportation company in Mexico and our ability to attract capital relies on our comprehensive model and management efficiencies.

SCALE AND DIVERSIFICATION

The size, diversity, and flexibility of our fleet and operational infrastructure enable us to serve customers in different and highly economically dynamic sectors, and to satisfy all their logistics needs. We are well-positioned to meet the growing needs in the sector.

COMPREHENSIVE SERVICES OFFERING

With our One-Stop Solution model, we integrate supply chain logistics and offer a single point of contact to serve different aspects of our customers' operations and provide a technological ecosystem that allows them to see, manage, and make supply decisions in a simplified and agile manner.

EFFICIENCY AND PROFITABILITY

Our business model, based on leveraging synergies, economies of scale, and financial discipline, enables us to improve our margins even in uncertain times. We strive for continuous improvement through operational excellence and process-based management, which is why we have a Corporate Operational Excellence department with staff in each of our business units.

TALENT AND A BEST-IN-CLASS WORK TEAM

Our talent is exceptional for the industry, at both the management and operations levels. Our team is integrated by executives, entrepreneurs, and seasoned businessmen in the sector, with several decades of experience. We offer job stability and development opportunities, and preoccupy ourselves with the wellbeing of our employees.

SOLID COMMERCIAL RELATIONSHIPS

The quality and efficiency of our service, the comprehensive offering in our portfolio, and our rapid response to changing needs, allow us to generate and maintain long-term relationships with customers and suppliers. We also aim to anticipate possible changes in the industry and customers.

COMBINING OUR HUMAN CAPABILITIES AND THE POTENTIAL OFFERED BY TECHNOLOGY, WE CONTINUED TO DIVERSIFY OUR SERVICE OFFERING AND DEVELOP COMPREHENSIVE SOLUTIONS. **PARTICULARLY NOTEWORTHY IN 2020 WAS THE LAUNCH OF TRAXIÓN LOGISTICS,** A COMPANY THROUGH WHICH WE OFFER LOGISTICS NEEDS MANAGEMENT BY INTEGRATING OUR OWN- AND THIRD-PARTY INFRASTRUCTURES, BASED ON A SOLID TECHNOLOGICAL PLATFORM THAT PROMOTES AN ASSET-LIGHT MODEL.

TECHNOLOGY AND INNOVATION

We developed the technology to generate intelligence, facilitate our processes, and make our operations significantly more efficient. We employ a technological ecosystem that supports our operations to ensure service, improve profitability, and reduce our negative impact on the environment.

COMMITMENT TO SUSTAINABLE DEVELOPMENT

We incorporate ESG criteria in our strategic and operational decisions, thus reducing risks and leveraging opportunities. In this way, we also strengthen our positive impact and address any potential negative impact.

OUR BUSINESS SEGMENTS

(GRI 102-2, 102-4, 102-6, 102-10)

We operate **three business segments:** cargo, logistics services, and personnel and student transportation, with the expertise of companies that are leaders in each of their segments, and with new developments to address our customers' evolving needs.[2]

CARGO SERVICES

We offer solutions to transport merchandise. The following are among the services offered by the company: dedicated regular cargo, less-than-truckload (LTL), intermodal cargo, refrigerated cargo, international and cross-border cargo, transportation for petrochemical products, moving services, and specialized transportation.

LOGISTICS SERVICES

We offer a wide variety of services, including warehousing, distribution, 3PL model , logistics management in 4PL model, forwarding, last mile solutions, and parcel and courier services.

PERSONNEL AND STUDENT TRANSPORTATION

We provide transportation services to personnel at corporate offices, industrial parks, and hotels; to school and university students; as well as private charters for groups, including tourism. We operate a centralized platform with dedicated contracts or spot services with the largest and most modern fleet in Mexico.

SEGMENTS

[2] Throughout the following chapters, we present our financial results and other quantitative information broken down by the two segments we used in our financial reporting until year-end 2020: (1) Cargo and logistics services; (2) Personnel and student transportation. For the coming years, we are planning to breakdown results based on the three segments described here.

BUSINESS UNITS

AUTO EXPRESS FRONTERA NORTE (AFN)

Provides cross-border and intermodal cargo services, with a presence in ports; it also offers reverse logistics services.

AUTOTRANSPORTES EL BISONTE

Provides specialized cargo services to support customers with specific needs such as transportation for petrochemicals, special materials, refrigerated products, materials and bulk food, among others.

GRUPO SID

Transports domestic cargo for specific sectors such as the consumer goods and automotive sectors. It also provides warehousing and 3PL and 4PL warehouse management services, including inventory management and picking and packaging logistics.

MUEBLES Y MUDANZAS (MYM)

Operates furniture and moving transportation and delivery services for commercial establishments, companies, the government, and private customers.

TRANSPORTADORA EGOBA

Provides services to highly demanding domestic and international logistics needs. Offers a cross-border freight service and, since 2019, provides refrigerated cargo transportation.

UNIDADES **DE NEGOCIO**

REDPACK

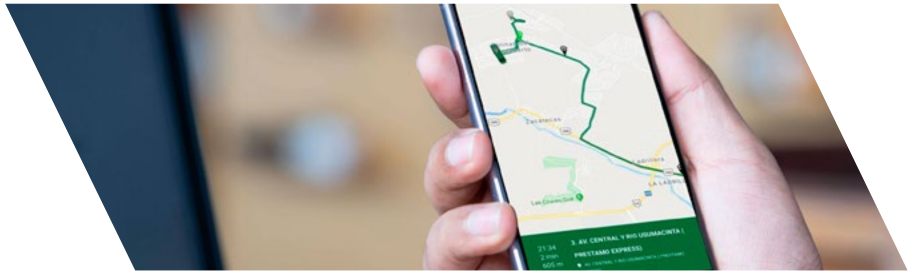
Provides last-mile solutions for a wide variety of clients, including retail and e-commerce companies.

TRAXIÓN LOGISTICS

Provides a comprehensive service portfolio at all levels of the supply chain based on a 3PL/4PL model, with state-of-the-art technological capabilities that ensure continuous improvement and service consistency.

TRAXPORTA

Platform that connects customers' transportation needs with carriers, based on an open marketplace format and geolocation; it provides trip monitoring in real time, and administrative support.



LIPU

Provides personnel and school transportation services, in addition to other special services such as renting to private customers.

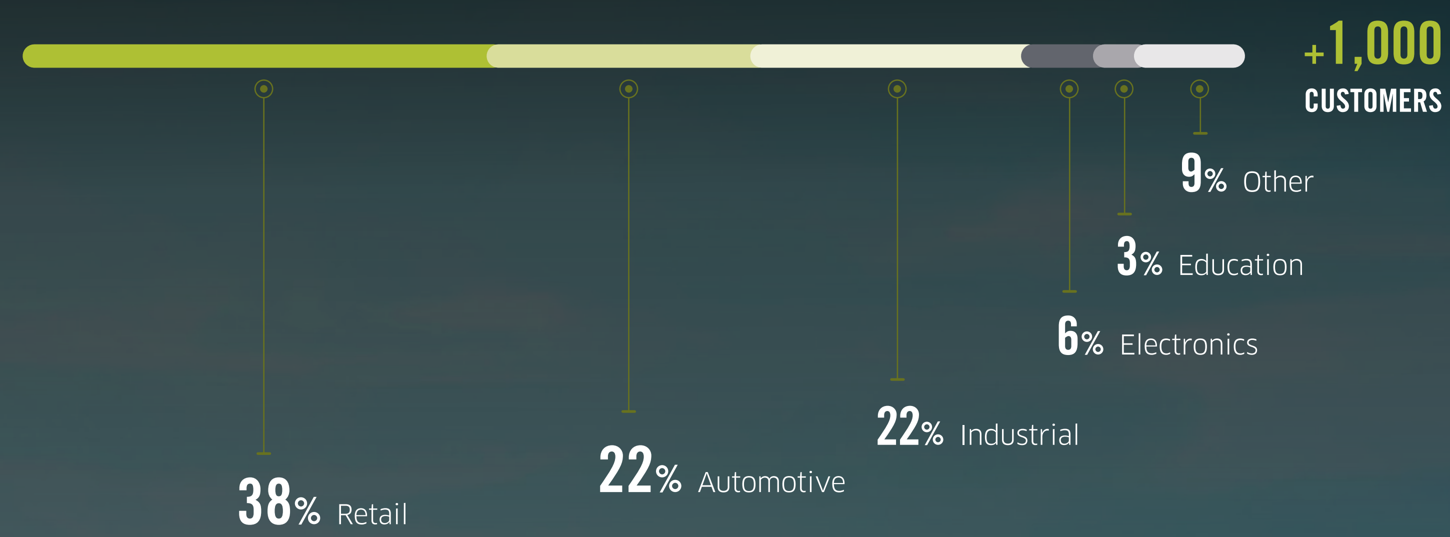
TRAXI

A new mobility solution. It operates on a digital platform by connecting previously-subscribed carriers with users through a mobile application, offering flexible routes, place reservations, and passenger-management services.

DIVERSIFICATION IS A FUNDAMENTAL PILLAR OF OUR BUSINESS MODEL.

This is why we created a solid and varied customer base, formed by highly-valued industries in the national economy, enabling us to resist different cycles. We also operate in different areas across the country that are known for being highly dynamic.

COMPOSITION OF OUR
CUSTOMER BASE



THIS YEAR HAS BEEN MARKED BY THE COMPLEXITIES OF THE PANDEMIC, AND AT TRAXIÓN WE RESPONDED TO THE EVOLUTION IN THE NEEDS OF OUR CUSTOMERS AND OTHER INDUSTRY TRENDS IN THE FOLLOWING WAY:

- **DIVERSIFIED SERVICES,** by strengthening refrigerated transportation at egoba and beginning operations at traxión logistics, traxporta, and traxi. we also made progress in developing the 4pl logistics service as a complement to and/or evolution of the 3pl service, depending on the customer.

On the other hand, our flexibility enabled us to address throughout the year the changes in transportation needs in each industry, as the impact of the pandemic evolved across their operations and consumer demands.

- **ADDRESSED GROWTH IN E-COMMERCE,** by operating several of our business units, particularly Redpack. To this end, we increased our investment in technology and human capital in order to meet the demand.

- **MADE PROGRESS IN OUR EFFICIENCY** through process-based management by employing state-of-the-art technological platforms that offer better coordination and controls that facilitate a comprehensive response and flexibility in face of the changes in our customers' requirements. Particularly noteworthy was the implementation of the Traxión Model—enabled through SAP/S4 HANA—for our administrative and financial management. This in addition to the Transport Management System (TMS), with which we have equipped Traxión Logistics that enables us to integrate our own fleet and that of third parties to offer our services.

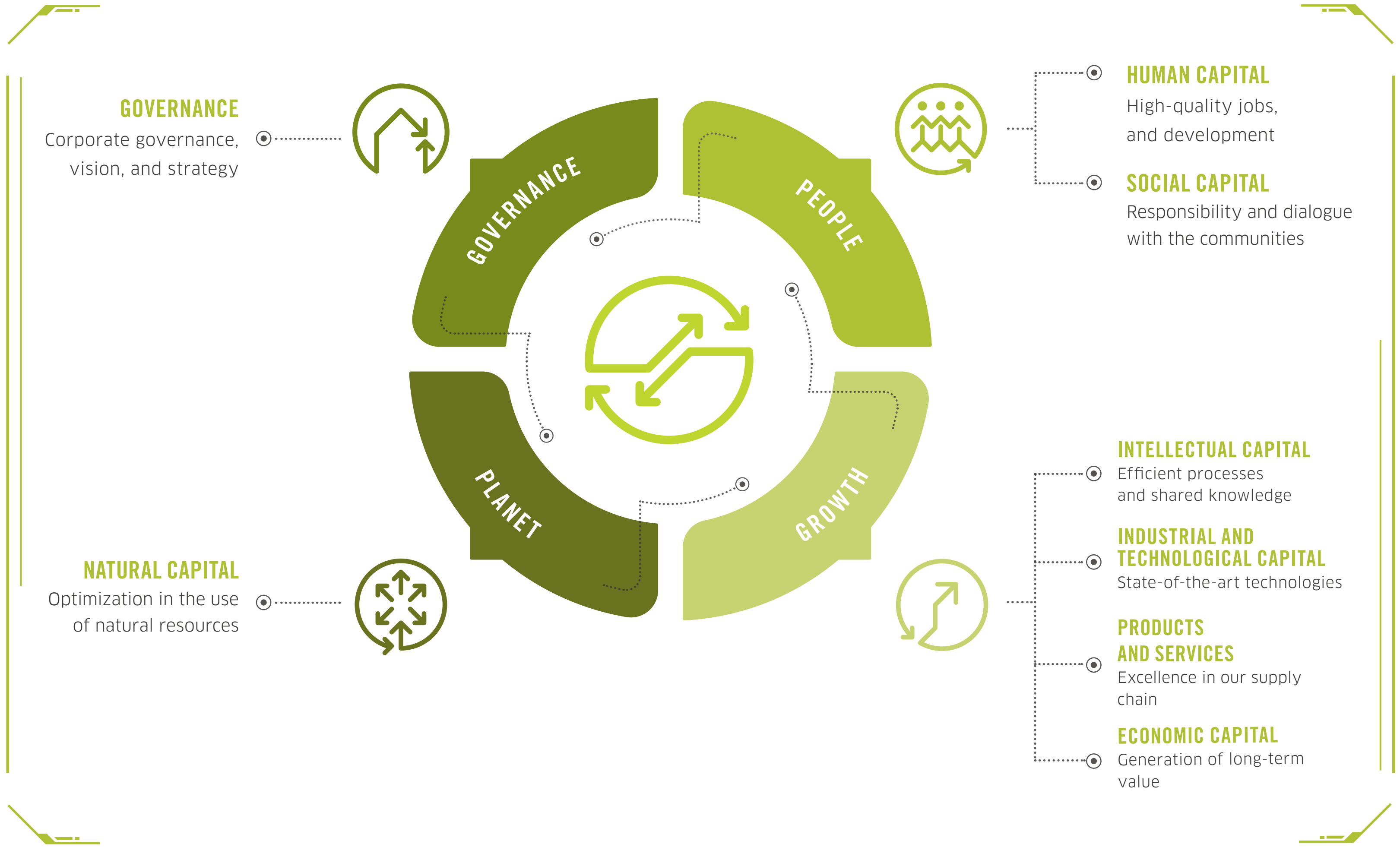
OUR SUSTAINABILITY MODEL

(GRI 102-12, 102-13, 102-20, 102-22)

(TCFD GEN-GOV.a, GEN-GOV.b)

Sustainability is a fundamental element of our business model. It is present in all our operations and in every decision we make. Accordingly, we implement actions that help us maximize the ESG value we generate for our stakeholders.

In order to prioritize our efforts, we developed a **Sustainability Model** that includes eight forms of capital that we grouped into **four main pillars:** **Governance, People, Planet, and Growth**[3]**.**



[3] In presenting our performance throughout the report, we grouped our intellectual, industrial, and technological capital into one chapter, given the synergies between the initiatives we implemented.

WE SUPPORT UN GLOBAL COMPACT

IN 2020, TRAXIÓN COMMITTED TO THE CORPORATE SOCIAL RESPONSIBILITY INITIATIVE OF THE UNITED NATIONS GLOBAL COMPACT AND ITS 10 PRINCIPLES RELATED TO HUMAN RIGHTS, LABOR STANDARDS, THE ENVIRONMENT, AND ANTI-CORRUPTION. **WWW.UNGLOBALCOMPACT.ORG**

The model is based on our material topics, and allows us to adequately manage the main impacts and risks of the operation and, in order to implement it, we involve all of the Group's companies and teams.

Based on our performance, we also strive to make a contribution to addressing the most important social and environmental challenges globally and in the specific arenas where we operate. Accordingly, we contribute to the achievement of the **Sustainable Development Goals (SDGs);** this year we also adhered to the **United Nations Global Compact** by assuming the commitment to make progress in the implementation of its 10 principles as they relate to labor, human rights, environmental, and anti-corruption issues.

CCFV
CONSEJO CONSULTIVO DE FINANZAS VERDES

WE ALSO BECAME MEMBERS OF THE GREEN FINANCES CONSULTING COUNCIL *(CONSEJO CONSULTIVO DE FINANZAS VERDES, CCFV)*, AN ORGANISM THAT PROMOTES THE DIALOGUE ON HOW BEST TO PROMOTE FINANCING FOR PROJECTS WITH A POSITIVE ENVIRONMENTAL IMPACT, INCLUDING THE PROPOSAL TO DESIGN INVESTMENT VEHICLES (SUCH AS GREEN BONDS) AND DEVELOP A MARKET FOR SUCH PRODUCTS. IN THIS WAY, WE ARE STRIVING TO ACCELERATE MEXICO'S TRANSITION TOWARDS A LOW CARBON ECONOMY.

In 2020, we created the Sustainability Committee, which includes division corporate directors as well as representatives from all our business segments, in order to be able to incorporate the particularities of each case[4].

The following are among its main functions:

- **GESTIÓN DE LAS DIFERENTES INICIATIVAS** through which we implement the sustainability model.
- **MONITORING TRAXIÓN'S PROGRESS;** for this, we are equipping it with an indicators and annual goals scorecard.
- **IDENTIFYING AND ANALYZING RISKS AND OPPORTUNITIES RELATED TO ESG ISSUES;** define action plans to address them in a proactive or reactive manner, depending on the case. Communication with all areas involved.

[4] Human Capital Corporate Department, Operational Excellence Corporate Department, Treasury Corporate Department, Legal Corporate Department, Traxión Foundation, Communications and Institutional Relations Corporate Department, the Director of the Personnel and Student Transportation Business Unit, and the Director for one of the business units in the Cargo and Logistics segments (as a representative).

SUSTAINABILITY GOVERNANCE AT TRAXIÓN

BOARD OF DIRECTORS:

Receives updates on the Group's ESG performance through the Corporate Practices Committee.

CORPORATE PRACTICES COMMITTEE:

Makes a quarterly assessment of the plans, objectives, goals, strategies, risks, and activities related to the Group's ESG performance, and reports to the Board of Directors.

SUSTAINABILITY COMMITTEE:

Monitors the Group's sustainability management in a monthly manner, and is a forum for identifying and analyzing ESG opportunities and risks.

SUSTAINABILITY DEPARTMENT:

Leads all efforts on this issue; reports directly to the Executive President; makes a quarterly report to the Corporate Practices Committee and to other bodies of the Board of Directors (Executive Committee, Audit Committee), as required; and coordinates monthly with the Sustainability Committee.

SUSTAINABILITY LEADERS:

Lead the implementation of the ESG guidelines, actions, and programs established by the Sustainability Department and validated by the aforementioned Committees at all our business units.

OUR CONTRIBUTION TO THE SDGS

(GRI 102-12)

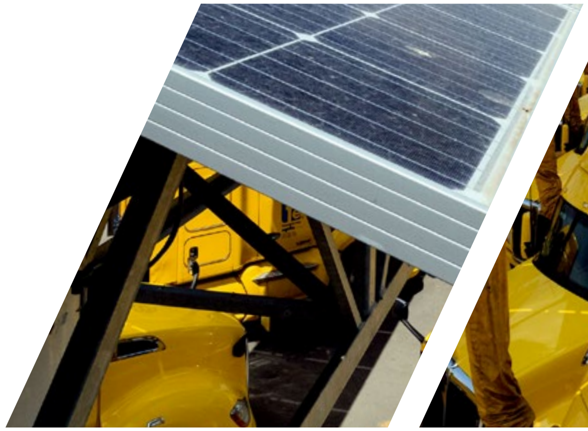
At Traxión we support the **2030 Agenda,** the international roadmap established by the United Nations to address the main challenges in society, in close collaboration with private companies, academia, and the population as a whole; these are materialized in the **17 Sustainable Development Goals (SDGs),** to which we contribute with different actions.

We focus particularly on those SDGs and targets that are more closely related to our activities. That is, those to which we can make a major contribution and impact through our business model and daily operations.

FOLLOWING WE HIGHLIGHT OUR CONTRIBUTION, THAT IS LIKEWISE REPORTED THROUGHOUT THE REPORT.

GOALS[5]	INITIATIVES	INDICATORS AT TRAXIÓN
3 HEALTH AND WELLBEING		
3.6, 3.9	We have initiatives in place to promote road safety, and through which we educate our operators on good driving behaviors to prevent accidents. We have a young fleet and implement efficiency measures for fuel consumption, which allows us to reduce our contaminating air emissions which can harm the health of people. In response to COVID-19, we have implemented measures to protect the health of our employees and passengers.	Fatalities Index Accident Index Accident rate–cargo Accident rate–personnel and student transportation
4 QUALITY EDUCATION		
4.3, 4.4, 4.5	We support the development of capabilities among our employees. We also address educational needs in our country, with the Traxión Foundation programs and its partners.	Average training hours for administrative staff Average training hours for operating staff Cash and in-kind donations Number of scholarships for employee family members

GOALS[5]	INITIATIVES	INDICATORS AT TRAXIÓN
7 AFFORDABLE AND CLEAN ENERGY		
7.3	As specified in our policies, we constantly renovate our power units in order to have a newer and more modern fleet. In addition, we implement measures to improve our efficiency indexes in terms of fuel consumption for every business. Likewise, we work on adopting alternatives to fossil fuels.	Fuel consumption intensity Savings resulting from investments in eco-efficient alternatives.



[5] For more information on the specific targets for each SDG, please visit: https://www.un.org/sustainabledevelopment/

GOALS[5]	INITIATIVES	INDICATORS AT TRAXIÓN
8 DECENT WORK AND ECONOMIC GROWTH		
8.2, 8.4, 8.5, 8.8	We provide a working environment and conditions that are decent and healthy, and we have established a series of principles that allow us to fully respect the human rights of our employees and commercial partners. Based on our logistics solutions, we have diversified our offering of technological services with an asset-light focus that enables us to increase our trade portfolio and promote economic productivity. Our efforts to promote energy efficiency enable us to reduce our operational expenses by separating economic growth from the degradation we could potentially cause on the environment.	Total employees Percentage of employees with an indefinite contract Turnover rate % employees < 30 years old

GOALS[5]	INITIATIVES	INDICATORS AT TRAXIÓN
9 INDUSTRY, INNOVATION, AND INFRASTRUCTURE		
9.4	We have modern facilities across the country, and we invest in the implementation and development of state-of-the-art technological systems in order for our operations to be highly efficient. In this way, our activities drive economic development in the regions where we are present.	Average fleet age Investment in R&D
11 SUSTAINABLE CITIES AND COMMUNITIES		
11.2, 11.6	Our personnel and student transportation contribute to the reduction in the use of private vehicles and, consequently, to the reduction in GHG emissions and traffic in cities. Our logistics and transportation services adhere to the highest safety standards, striving for the products and people we move to safely reach their destination. The age of our fleet, the implementation of new technologies, and the training we offer our operators enable us to reduce the environmental impact of our activities.	Number of units in the personnel and student transportation segment. Percentage of units with telemetry systems.

moving with HONESTY AND ETHICS IN OUR ACTIONS

67%
independent members
of the Board of Directors

Sustainability Committee
operates at the top management level

Analysis of risks and opportunities
related to climate change

Our corporate governance structure safeguards the company's interests and its long-term development and sustainability. We are the only publicly traded company in our sector, we adhere to all regulatory requirements, and we are strongly committed to transparency.

Our Board of Directors is known for its profound understanding of the sector and its independence. It is complemented by a highly-qualified management team and by the commitment of our employees.

We manage risks in a proactive manner, strengthening the emphasis on risks related to climate change.

Our culture is known for our ethics, which we foster among our employees, and for our compliance, including our self-regulation pertaining to ESG issues. We avoid practices that could affect the company's wealth and the trust of our stakeholders.

CORPORATE GOVERNANCE

(GRI-102-18, 102-19, 102-20, 102-22, 102-23, 102-24, 102-26, 102-27, 102-33, 102-35, 102-36, 102-37, 405-1)

Traxión's top management includes experienced businessmen who, on average, have more than 23 years' experience and an average seniority[6] on the Traxión Board of 3.7 years. Their keen understanding of the sector has made it possible for us to transform the way in which we provide cargo and logistics services and personnel and student transportation in Mexico, and to capitalize on opportunities that emerged both before and during the pandemic.

GENERAL SHAREHOLDERS MEETING

The General Shareholders Meeting approves the Board of Directors' main decisions and the company's financial reports. Likewise, every year it designates and/or ratifies members of the Board of Directors who are previously nominated by the Nominations and Compensation Committee.

BOARD OF DIRECTORS

Among other responsibilities, the Board of Directors defines the Group's business strategy, monitors the main risks to which the company is exposed, and briefs the General Shareholders Meeting on the company's annual financial results.

In addition, the Board is in charge of nominating, electing and, if need be, terminating the Chief Executive Officer. It is also responsible for establishing his or her comprehensive retribution as well as the policies to assign and establish compensation for other top management, based on the prior recommendation of the Corporate Practices Committee.

This governing body currently includes 15 directors, of whom 67% are independent. Our shareholder structure does not include government entities with more than 5% of the voting rights.

[6] Average Board member seniority is calculated starting in 2017, as this was the year of the company's IPO.

Average meeting attendance this year was 97%. The remuneration directors receive for their participation is proposed by the Nominations and Compensation Committee and approved by the General Shareholders Meeting.

CHAIRMAN SECRETARY RELATED MEMBER INDEPENDENT MEMBER

Further information on the composition of the Board of Directors as well as the training and experience of its members is available at: https://traxion.global/inversion/gobernance/BoardDirectors.

MEMBERS	GENDER	PARTICIPATION ON OTHER BOARDS	BOARD OF DIRECTORS	EXECUTIVE COMMITTEE	AUDIT COMMITTEE	CORPORATE PRACTICES COMMITTEE	NOMINATIONS AND COMPENSATION COMMITTEE
Bernardo Lijtszain Bimstein	Male	--	Chairman, Related member	Related member			Chairman
Aby Lijtszain Chernitzky	Male	--	Related member	Related member			Related member
Rodolfo Mercado Franco	Male	--	Related member				
Abel Puszkar Kessel	Male	--	Related member				
Jorge Vargas Diez Barroso	Male	3	Independent member				
Alberto Moreno Ruíz Esparza	Male	--	Independent member	Chairman, Independent member		Independent member	Independent member
Carlos Miguel Mendoza Valencia	Male	--	Independent member		Independent member		
Harry Frederick Krensky	Male	1	Independent member				
José Ramón Suárez Rotter	Male	--	Related member				
Juan Mauricio Wurmser Cobos	Male	1	Independent member				
Arturo José Saval Pérez	Male	1	Independent member	Independent member		Chairman, Independent member	
Roberto Langenauer Neuman	Male	--	Independent member				
Iker Paullada Eguirao	Male	--	Independent member	Independent member	Independent member		Independent member
Aaron Dychter Poltolarek	Male	2	Independent member		Chairman, Independent member	Independent member	
Marcos Metta Cohen	Male	--	Independent member				
Rafael Robles Miaja	Male	--	Secretary				
Adolfo Salame Mussali	Male	--		Secretary	Secretary	Secretary	
Fernanda Márquez Portilla	Female	--		Related member			
Avi Yakob Puszkar Reich	Male	--					Related member

Members of the Board are required to have the competencies and abilities required to fulfill their functions and to have no conflicts of interest, as established in the company's corporate bylaws.

The full text of the Corporate Bylaws is available at: https://traxion.global/inversion/misc/pdfs/site/ESTATUTOS-SOCIALES-INGLES.pdf

Our Board members' independence statements are available at:
https://traxion.global/inversion/misc/pdfs/site/Cartas-independencia-2021-ENG.pdf

MAIN COMMITTEES

Additionally, we have four main committees that support the Board of Directors and meet on a quarterly basis[7].

EXECUTIVE COMMITTEE

The Executive Committee is responsible, among other obligations, for reviewing operational results, analyzing new business lines and investments, and discussing the strategy, business plan, annual budget, and relevant issues for each of the entities that make up Traxión.

CORPORATE PRACTICES COMMITTEE

The Corporate Practices Committee is responsible for, among other obligations, assessing the performance of top management and reviewing the compensation they receive; reviewing transactions entered into with related parties; evaluating any waivers granted to board members or top management which would allow them to take advantage of business opportunities; carrying out the activities outlined in the Mexican Securities Market Law (Ley del Mercado de Valores); and, starting in 2020, reviewing, monitoring, and approving, if applicable, the company's activities pertaining to sustainability, environmental, social, and governance issues, in adherence to applicable law and best practices in corporate governance. All members of this committee are independent members of the Board.

NOMINATIONS AND COMPENSATION COMMITTEE

The Nominations and Compensation Committee is responsible for, among other obligations, proposing to the Shareholders Meeting a list of people who, in its opinion, could become members of the Board in case any of the members are not ratified by the Shareholders Meeting at the time of the election. In this process, they need to always take into consideration candidates from shareholder groups representing 10% or more of the share capital.

AUDIT COMMITTEE

The Audit Committee is responsible for, among other obligations, evaluating the company's internal control and internal audit systems in order to identify any significant deficiencies; following up on corrective or preventive measures to be taken in the event of non-compliance with accounting and operating guidelines and policies; monitor cyber security management; evaluating the performance of the external auditors and addressing their suggestions; reviewing the financial statements and recommending that they be approved by the Board of Directors; assessing the effects derived from any modifications to the accounting policies approved during the fiscal year; following up on measures adopted as a result of observations made by shareholders, members of the Board, top management, employees, or third parties regarding accounting, internal control systems, and internal and external audits, as well as any complaints regarding management irregularities, including anonymous and confidential methods for handling reports submitted by employees through our reporting line; and overseeing adherence to the resolutions of the General Shareholders Meetings and the Board of Directors.

The measures, decisions, and recommendations issued by the Audit Committee are supported by the analysis of strategic and operational risks that are managed by the Risks Corporate Department, taking into consideration all of the company's business units. All members of this committee are independent members of the Board.

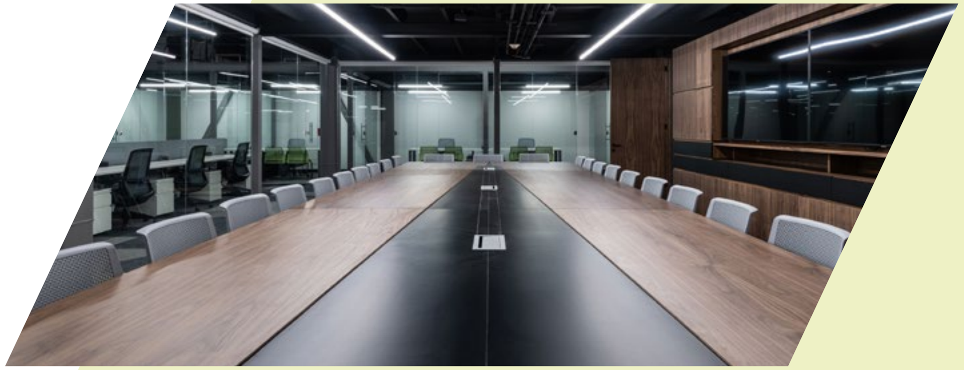
[7] Except for the Nominations Committee, which meets whenever the Board of Directors requires it.

AUXILIARY **COMMITTEES**

In addition to the main committees, there are ten other corporate auxiliary committees at the managing and operational level, aimed at promoting efficiencies in the company's activities and to head different aspects of our ESG performance; they meet at variable intervals.

- MANAGEMENT COMMITTEE
- HUMAN CAPITAL COMMITTEE
- COMMERCIAL COMMITTEE
- PROCUREMENT COMMITTEE
- SAFETY COMMITTEE
- TECHNOLOGY COMMITTEE
- PROFITABILITY COMMITTEE
- SUSTAINABILITY COMMITTEE
- INNOVATION COMMITTEE
- INFORMATION SECURITY COMMITTEE

It is important to mention that during 2020 we installed the Sustainability Committee, which meets on a monthly basis and monitors ESG-related management across the Group's operations[8].



The principles that serve as a guideline for the managing and decision-making of our board members and top management include the Mexican Securities Market Law (Ley del Mercado de Valores) and other applicable provisions, the Code of Best Corporate Practices (Código de Mejores Prácticas), as well as our internal policies, which are based on global best practices.

Our self-regulation principles are available at:
https://traxion.global/en/

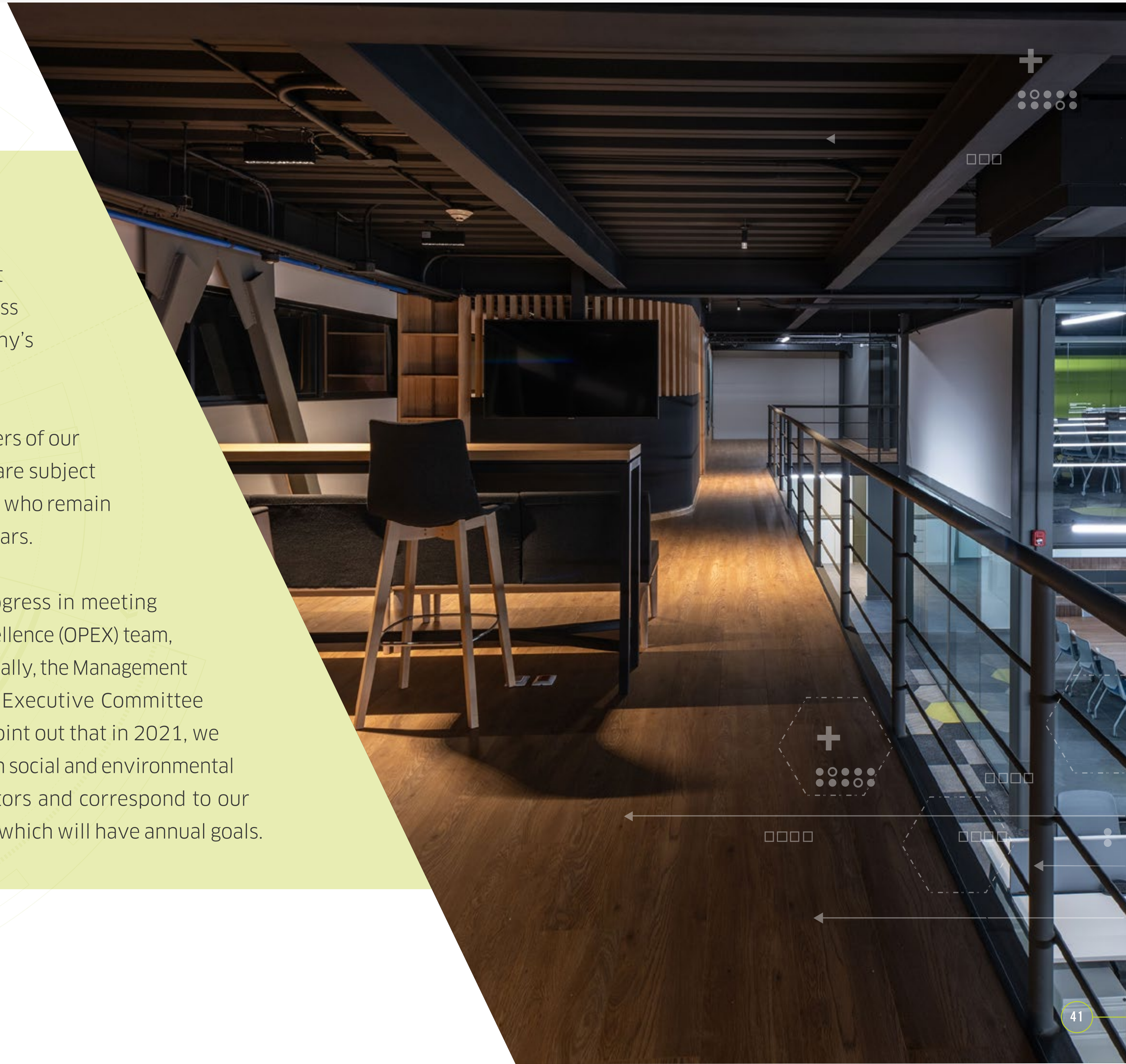
- **ESG focus:** Sustainability Policy
- **Corporate Governance:** General Corporate Governance Principles
- **Ethics and Integrity Management:** Code of Ethics; Code of Conduct for Partners, Suppliers, and Contractors; Anti-corruption and Integrity Policy; Information Disclosure Policy
- **Environmental Performance:** Environmental Policy

[8] Further information on this committee is included in the Our Sustainability Model section (in the We Are Traxión chapter) of this report.

Remuneration for the CEO and our top management is established by the Corporate Practices Committee and approved by the Board of Directors. It considers a variable conditioned to the company's ability to meet its business goals, mainly EBITDA, and to performance indicators related to the company's management, such as fuel efficiency.

We also have a long-term incentive program in place for key members of our top management, in the form of a stock option plan. These plans are subject to the company's share price and apply exclusively to employees who remain with the company for a period of at least three consecutive years.

Each business unit´s key performance indicators and progress in meeting annual goals are monitored weekly by the Operational Excellence (OPEX) team, in collaboration with the units' general managers. Additionally, the Management Committee conducts a monthly evaluation, and the Executive Committee conducts a quarterly evaluation. It is important to point out that in 2021, we will reinforce the corporate Balanced Scorecard with social and environmental indicators that complement our current indicators and correspond to our priorities in terms of our sustainability efforts, which will have annual goals.



RISK MANAGEMENT

(GRI 102-11, 102-15, 102-29 102-30, 102-31, 103-2, 103-3)

(TCFD GEN-RISK.c)

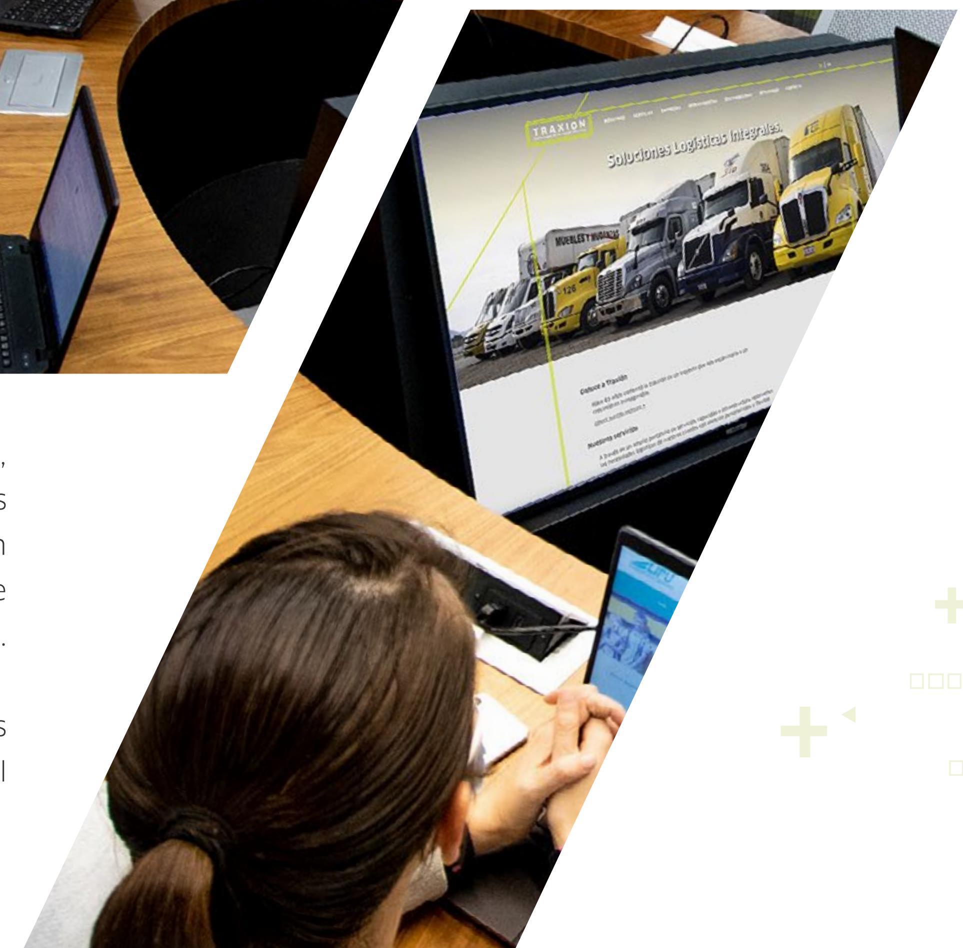
At Traxión we understand that in order to capitalize on opportunities and mitigate any negative impacts that arise, we need to identify and manage risks that are inherent to our operations, in a changing and highly competitive context.

Our performance is based on the ISO 31000 risk management standard, whose goal is to identify, measure, manage, report, and monitor any events that could affect the scope of the Group's objectives. We also have the **General Risk Management Policy and a Strategic Risk Management Policy** in place.

Our Risks Corporate Department identifies and prioritizes those risks that our business units are exposed to, depending on their context, type of activity, internal strategy, etc., with the support of their respective teams. It also establishes prevention and mitigation measures that will be implemented by the business units, and monitors their application and results.

This corporate team reports to the Audit Committee, which in turn validates and/or complements measures from a strategic perspective. The Audit Committee in turn reports to the Board of Directors, which is the ultimate authority in terms of approvals and monitoring.

Our Risks Corporate Department made great strides over the course of the year to promote an organizational risks culture and strengthen our internal controls.



The identified risks are classified in four main categories:

1. **STRATEGIC RISKS:** risks resulting from Traxión's strategic decision-making process, particularly in connection to the environment in which it operates, its activities regarding acquisitions, potential capital risks, and integration risks, as well as its capacity to supply products and services to its customers.

2. **OPERATIONAL RISKS:** risks of losses caused by human error, inadequate design, and the execution of processes, system failures, or breaches between actual and expected operational functioning by the Group.

3. **FINANCIAL RISKS:** risks related to Traxión's financing, including financial transactions such as credits and credit risks, market risks, and liquidity levels.

4. **COMPLIANCE RISKS:** risks resulting from a breach or non-compliance with the law, regulations and norms (whether internal or external) applicable to Traxión, which could make the company liable to fines, sanctions, and penalties, claims for payments, breaches of contract, and damage to its reputation that could affect the company's value and image.

Taking into consideration the main risk management processes, in 2020 we focused on four main emerging risks[9]:

MAIN RISKS	RESPONSE MEASURES OR RISK MANAGEMENT	REFERENCE WITHIN THE INTEGRATED REPORT	TYPE OF RISKS
COVID-19	The logistics and ground transportation industry is exposed to external events such as the recent global Coronavirus (COVID-19) outbreak. These events can alter or restrict our operational and financial capabilities and have an adverse effect on our business model and operational results. To counter this, Traxión has implemented a series of prevention protocols to apply the necessary safety measures with our employees, customers, and suppliers.	COVID Response	Strategic and Operational Risk
Process Standardization and Automation	Our Chief Financial Officer, with our Comptroller and in collaboration with the Information Technologies Corporate Department and the Group's administrative and operations departments, implemented the Traxión Management Model during 2020. The goal of this project is to standardize through technology the way in which we manage and operate all of the Group's businesses, thus promoting an agile and timely decision-making process. Simultaneously, we are implementing a standardization and improvement process in our operations, led by the Operational Excellence Corporate Department.	Intellectual, Industrial, and Technological Capital	Operational Risk
Information Security	We have state-of-the-art information technological systems to protect the confidentiality and integrity of data. They are supported by solid processes aligned to best practices and incorporate guidelines based on ISO 27001. We promote a cybersecurity education and culture among our employees. We have implemented information control access points; we continuously audit and review the implementation of our processes and the status of our infrastructure.	Intellectual, Industrial, and Technological Capital	Operational and Compliance Risk
Climate Change	Across all the Group's operations we have implemented operational strategies and new technologies to promote efficiencies in fuel consumption, thus reducing our main environmental impact in all our businesses. Furthermore, year upon year we have established efficiency goals that are monitored by our top management and are part of the metrics we employ to determine variable compensation for the Group's top executives, managers, and operational staff.	Natural Capital	Operational, Financial, and Compliance Risk

At year-end 2020, at Traxión we analyzed our main risks related to climate change, in collaboration with external specialists. These are presented in the following section. The process to identify risks and assign a priority to each of them, will be followed by the establishment of prevention and mitigation measures together with the sustainability and risks teams, with the corresponding administrative and operational departments. Monitoring of these risks will be integrated into the rest of the risks that the Group is already managing.

[9] Refers to the relationship between the main risk factors related to ESG aspects and our corporate classification system, which considers their operational, financial, and other consequences.

ENVIRONMENTAL AND CLIMATE CHANGE RISKS AND OPPORTUNITIES

(GRI 103-2, 103-3, 201-2) (TCFD GEN-GOV.a, GEN-GOV.b, GEN-STRAT.a, GEN-STRAT.b, GEN-RISK.a, GEN-RISK.b)

As part of our progress towards a strategic management of sustainability, as an integral part of the business and the development of operations, we analyzed environmental and climate change risks for all of the Group's business units. We complemented this analysis by including other environmental aspects such as waste, for example, to strengthen our management.

THIS IS THE PROCESS WE FOLLOWED:

PROCESS FOLLOWED

CONTEXTUAL ANALYSIS

Benchmark analysis of environmental and climate-related risks identified in public information from competitors and other companies in the sector. Risk identification was complemented with our own analysis of international trends on these issues.

RISK IDENTIFICATION

Interviews with the responsible parties in every relevant business unit and corporate departments to identify the main risks to which Traxión is exposed given the nature of its activities.

CLASSIFICATION AND PRIORITIZATION

With the support of the Risks and Sustainability Corporate Departments, we drafted a qualitative risk prioritization proposal considering the probability of them occurring and the Group's vulnerability.

We made a list of our main risks, referencing the nomenclature established in the TCFD recommendations.

TRANSITION RISKS – risks associated to the changes on a path to a low carbon economy, for example in the legislation to address mitigation and adaptation to climate change.

PHYSICAL RISKS – risks associated to greater intensity events (acute) and/or long-term changes in climate patterns, such as temperature, for example (chronic). They can generate damages on the infrastructure, affecting operational continuity, etc.

MAIN ENVIRONMENTAL AND CLIMATE CHANGE RISKS

			CATEGORY	
RISK DESCRIPTION	TCFD CLASSIFICATION	TERM[10]	PROBABILITY	VULNERABILITY
Limited capacity to operate or negative impact on the quality of service from storms, floods, extreme climates (cold and hot), extreme winds, or a premature deterioration of the units from driving on roads affected by natural phenomena.	Acute Physical	Short-term	Possible	Low
Spills during transportation or warehousing of hazardous materials, with a significant impact on the environment.	Acute Physical	Short-term	Unlikely	Low
Price volatilities and/or interruptions in fuel supply as a result of climate-related factors.	Transitory Market-related	Short-term	Possible	Low
Non-compliance with applicable environmental regulation in operational sites.	Transitory Regulatory	Short-term	Possible	Low
Transition to an asset-light business model through outsourcing, with low performance and environmental stewardship standards.	Transitory Market-related	Short- to Mid-term	Possible	Medium
Customer requirements to reduce Traxión's Scope 1, 2, and 3 emissions.	Transitory Market-related	Mid-term	Probable	Medium
Difficulty in obtaining financing for not complying with environmental and climate expectations of investors and other debt providers.	Transitory Market-related	Mid- to Long-term	Possible	Low
Pressure from investors and other stakeholders to promote the transition to a low GHG emissions business model.	Transitory Market-related	Short- to Mid-term	Probable	Medium
Difficulty in transitioning to cleaner technologies.	Transitory Technological	Short- to Long-term	Possible	Medium
Increase in emerging environmental regulations and standards (for example, GHG emissions reporting, emissions market, carbon prices, using more advanced engines that employ cleaner transportation technologies).	Transitory Regulatory	Short- to Mid-term	Possible	Medium

[10] Term in which we believe the risk will be relevant for our organization.

Note: Short-term: < 3 years; **Mid-term:** 3-10 years; **Long-term:** >10 years

We are working on measuring the financial impacts and establishing prevention and mitigation measures that we will start implementing in 2021.

On the other hand, our operations can contribute to climate change in certain aspects, such as GHG emissions from the fuels we use. As part of our Sustainability Strategy, we have considered offsetting these adverse effects with actions that foster the optimization of processes, including the following:

1. Generate efficiencies in the use of fuels.
2. Reduce impacts associated with the disposal of waste, particularly that of used tires.
3. Involve our value chain in our sustainability vision and strategy.

These are all opportunities, both for the operation and the business, that generate a positive financial impact for the Group, and we are already working on them. They are further explained below:

OPPORTUNITIES RELATED TO CLIMATE CHANGE				
OPPORTUNITY	TCFD CLASSIFICATION	TERM	DESCRIPTION OF FINANCIAL IMPACT	RELATED INITIATIVES
Fleet upgrade	Resource efficiency	Short-term	Reduction in insurance costs. Reduction in operating costs from major efficiencies in technologies.	Constant renewal of fleet. In 2019, we acquired 100 natural-gas-powered buses that produce roughly 70% less emissions than their diesel-powered equivalents, for a total cost of approximately 350 million Mexican pesos.
Reduction in the use of private vehicles	Products and Services	Short-term	Increase in segment revenue.	Personnel and student transportation, a service that by its own nature reduces the use of private automobiles and the emissions they cause, but also provides a modern fleet, the majority of which is equipped with state-of-the-art engines.
Use of eco-efficient technologies.	Resource efficiency	Short-term	Increase in segment savings.	We have a modern fleet equipped with state-of-the-art engines (Euro IV and V) and the infrastructure and processes needed for consuming fuel in a more efficient manner and reducing emissions. These include the aerodynamic adaptation of the power units, route optimization, intelligent use of telemetry, quality controls on the fuel we use, strategies to minimize the number of empty km, training on eco-efficient driving, among others.

ETHICS AND COMPLIANCE

(GRI 102-16, 102-17, 102-25, 103-2, 103-3, 205-1, 205-2, 205-3, 206-1, 307-1, 406-1, 412-1, 412-2, 414-2, 415-1, 419-1) (SASB SV-PS-510a.1, SASB SV-PS-510a.2, TR-AF-310a.2)

We are committed to adhering to the law and adopting best practices in terms of ethics, integrity, and transparency to ensure Traxión's best possible operation to benefit society as a whole, our customers, and employees.

With our Code of Ethics we provide the guidelines for the comprehensive development of all the Group's employees, and also describe behaviors that need to be avoided at all costs and the consequences of non-compliance. Over the course of 2019 and 2020, 100% of our employees committed in writing to complying with it.

New hires receive training on the Code of Ethics during their onboarding; in 2021, we will reinforce this training for the rest of our employees. We also reinforced our Code with a specific anti-corruption and integrity policy.

We align with international best practices that enable us to manage our customers' confidential information in a responsible and transparent manner. In this task, we are supported by our Privacy Notice and our Information Disclosure Policy.

In addition, as part of our adherence to the law, we make no contributions to political parties and/or representatives.

We have a public reporting line that serves as a formal, safe, and accessible means of communication to report non-compliance with our ethical guidelines, including potential acts of corruption. The confidentiality of the information and anonymity of the complainants is ensured.

Available at: https://traxion.global/en/integrity/

The reporting line is managed independently of all operational, administrative, and executive departments by the Internal Audit Corporate Department, which in turn reports directly to the Audit Committee. Once received, reports are reviewed and classified by the Internal Audit Corporate Department based on the presumed action; once it has been assessed, the required measures are established, depending on the offense. The Audit Committee is informed at all times over the course of the process, supported by clear scaling guidelines depending on the gravity of the report.

Additionally, we audit our processes and facilities, which allows us to identify other potential instances of non-compliance with the policies and codes of the Group and each business unit.

In 2020, there were 52 cases registered through the reporting line. Below we describe their nature and the measures taken:

NUMBER - TYPE OF REPORT

NUMBER	TYPE OF REPORT
24	Workplace harassment
5	Customer service
2	Sexual harassment
16	Human resources issues[11]
4	Theft / fraud[12]
1	Operation issues[13]
TOTAL	52

[11] Conflicts of interest, employees fired, severance pay, payments, non-compliance with the Code of Ethics.

[12] Fuel theft and misappropriation of expenses, travel not registered in the system, robbed parcels, deviation of resources.

[13] Travel allocation.

NUMBER - REPORTED CASESSOLVED

4	Verbal warning
12	Administrative reprimand
29	Reparation of damage
7	Termination of the labor relationship
TOTAL	52

The response to incidents, whether they were received through the reporting line or resulted from an audit, is complemented by a preventive effort to promote a culture of ethics and compliance among our employees. As a result, in 2020 we received no sanctions for corruption and/or anti-trust practices, or from non-compliance with labor and environmental standards.

Additionally, we strive for our ethics culture and performance to be extended across our value chain, through our Code of Ethics for Suppliers, Partners, and Contractors. In this manner, we strive to anticipate potential problems and establish a common behavioral framework in our commercial relationships. Non-compliance cases can be reported through our reporting line.

In 2020, we received no complaints related to unacceptable practices in our suppliers (e.g. threats to the freedom of association, child or compulsory labor).

HUMAN RIGHTS

(GRI 412-1, 412-2)

At Traxión we are committed to respecting human rights in all our activities, in accordance with the company's values and through our self-regulation guidelines, particularly the Code of Ethics. Likewise, we promote the protection of human rights in our value chain through the requirements established in the Code of Conduct for Partners, Suppliers, and Contractors.

The requirements laid down for our employees and external stakeholders are the result of our due diligence, having previously identified the potential risks that are directly or indirectly related to our operation, and determining the appropriate preventive, attenuation, and reparation measures.

CODE OF ETHICS

With our **Code of Ethics,** we declare the Group's commitment to providing a work environment that fully respects the human dignity of our employees and rejects any conditions that signal discriminatory situations.

CODE OF CONDUCT FOR PARTNERS, SUPPLIERS, AND CONTRACTORS

Our Code of **Conduct for Partners, Suppliers, and Contractors** encourage them to ensure the human rights of their employees, respect their freedom of association, prevent compulsory and/or child labor, avoid all kinds of discrimination, and ensure that their employees are able to work in adherence to all sector laws and standards in terms of working hours, compensation, and overtime.

Our labor and commercial practices are aligned with international responsible behavioral standards such as the Universal Declaration of Human Rights and the International Labour Organization's Declaration on Fundamental Principles and Rights at Work. Our commitment is further strengthened by our adhesion this year to the United Nations Global Compact and our subscribing to its 10 principles, including those related to human rights.

HUMAN RIGHTS RISK	MAIN TRAXIÓN MEASURES	MORE INFORMATION
Discrimination and negative impacts on the integrity of employees	Promotion of an organizational culture of respect, that is aligned to the organization's values. Establishment of guidelines for employees and compliance requirements; reporting line, and a system to determine the consequences for non-compliance. Employee training on the Code of Ethics. Promotion of equal opportunities at all employee stages in the company, including hiring, compensation, training, and promotion.	Ethics and Compliance section Culture, Climate, and Commitment section Code of Ethics
Employee safety incidents on the road	Modern power units with state-of-the-art technologies for driving comfort and road safety; a culture of safety, constant training on safe driving and monitoring of driving habits; aleatory testing and sanctions for alcohol or drug use; monitoring the health of operators.	Health and Safety section
Conflicts related to and/or derived from freedom of association	We ensure the freedom of association of all our employees so that we can all work together and offer labor conditions and a work environment that are adequate and top-tier in the industry.	Labor Demographics section
Inappropriate practices in the value chain	We require our partners, suppliers, and contractors to operate pursuant to our values and practices, and to comply with the code of conduct that has been developed precisely for this. We assess legal compliance prior to hiring, including labor aspects related to the workforce in any company.	Our Value Chain section Code of Conduct for Partners, Suppliers, and Contractors

moving with STRENGTH

SUPPORTED BY THE BEST TEAM

+16,000
employees

34%
women in top and middle management positions

49.1%
operator turnover

We attract and develop the best talent, and we foster diversity and inclusion in a respectful and collaborative environment. We also work on fostering high-performance professional competencies that support the best business results.

In a difficult economic and business environment, not only did we protect jobs, but we also created new employment opportunities. We are likewise committed to offering adequate labor conditions, ensuring the health and safety of our employees. In face of the pandemic, we privileged their wellbeing with measures to prevent contagion and reduce exposure.

Our team demonstrated their commitment and together we were able to continue meeting the needs of our customers, in response to the trust they have placed on us.

LABOR DEMOGRAPHICS

(GRI 102-8[14], 102-41, 103-2, 103-3, 202-2, 405-1, 407-1, 409-1)

(SASB TR-RO-000.C, TR-AF-000.C, SV-PS-330a.1)

At Traxión our talent has diverse backgrounds, which enriches our decision-making and is a reflection of the society we serve.

At year-end 2020, our team included **16,624 employees, 8% more than the previous year.** The size of our team enables us to serve the growth of the business by responding to the needs of our customers in the current environment. Not only did we protect jobs, but we also created new employment opportunities.

[14] De manera general no contamos con personal de medio tiempo.
En el desglose por categoría profesional, la categoría de “otro personal operativo” incluye a los colaboradores de mantenimiento.

THE BREAKDOWN OF OUR WORKFORCE IS AS FOLLOWS:

GENDER

- 14% Women
- 86% Men

AGE

- 14% Older than 50
- 27% Younger than 30
- 59% Between 30 and 50

TYPE OF CONTRACT

- 11% Temporary
- 89% Permanent

98% of managers are Mexican

76.7% of employees are unionized

POSITION LEVEL

- 3% top management
- 3% commercial
- 16% administrative
- 22% other operational staff
- 56% operators

THE PROGRESS WE HAVE MADE IN TERMS OF GENDER EQUALITY IS REFLECTED IN THE PERCENTAGE OF WOMEN AT DIFFERENT LEVELS IN THE COMPANY.

	NUMBER OF WOMEN	% WOMEN IN THE CATEGORY	NUMBER OF EMPLOYEES IN THE CATEGORY
Total workforce	2,292	14 %	16,624
Top management positions[15]	8	9 %	85
Middle management positions	93	25 %	379
Top and middle -management positions with revenue-generating functions and/or with a responsibility for gains and losses	28	31 %	90

We are committed to inclusion in the workplace, offering employment and development opportunities for people with different capabilities. This year, we started mapping and identifying in a precise manner which positions could be added to the team and what profile would be best to occupy that position based on his or her abilities.

As a Group, we ensure freedom of association; 76.7% of our personnel are unionized and covered by collective bargaining agreements subscribed with the unions.

We are committed to offering formal employment and providing our employees with adequate working conditions, which sets us apart in the sector. We strive for every one of our operators and administrative staff to develop their potential under stable conditions.

[15] At most two levels below CEO.

Likewise, we ensure that there is no forced labor in our company by applying the Traxión Protocol that establishes the standards, objectives, actions, and procedures that need to be followed in case of non-compliance with any of our standards. This in order to contribute to prevent, detect, and eradicate such actions in a timely manner. It also includes our efforts pertaining to discrimination, acts of violence, and workplace or sexual harassment.

We extend this commitment to our supply chain by means of our Code of Ethics for Suppliers, Partners, and Contractors, which stipulates compliance with best practices in human rights and describes how to act in these circumstances.

TALENT ATTRACTION AND RETENTION

(GRI 401-1) (TR-RO-320a.3)

Our team is the element that moves us. Despite the challenges we faced this year, we kept all our employees even during the most critical months, because we recognize how valuable their talent is. With the increase in the demand for transportation and logistics under the new circumstances, we also created job opportunities which were filled with new operators.

For our personnel recruiting and selection processes, we assess the capabilities and expertise of each candidate, with no distinctions for gender, age, religion, ethnic origin, political preferences, or socioeconomic status. For the groups of three finalists considered for filling a given position, we ensure gender diversity and seek to include at least one female candidate, whenever possible, depending on the candidate profiles received. This year we hired 12,059 new employees[16], for a new hires rate of 72.5%[17].

12,059

TOTAL NUMBER OF NEW EMPLOYEE HIRES IN 2020

10,904

TOTAL NUMBER OF EMPLOYEE LOSSES IN 2020

[16] Given that we just recently began implementing our new human capital management platform (Success Factors), we don't yet have the breakdown of new hires by gender, work category, and age.
[17] New hires rate: total hires*100/total workforce (at year-end).

49.1%

2020 TOTAL OPERATOR TURNOVER RATE

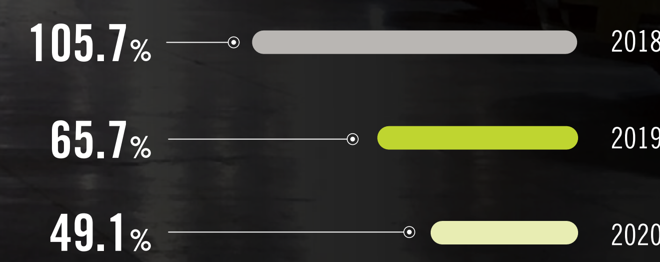
33.3%

2020 VOLUNTARY OPERATOR TURNOVER RATE

On the other hand, caring for the wellbeing of our employees and increasing their satisfaction levels has helped us achieve greater commitment and loyalty among our workforce. The turnover rate18 for operators has decreased by 114.5 basis points over the course of the last 2 years, from 105.3% in 2018 to 49.1% in 2020, the lowest rate on record for the company. This constitutes a significant achievement in an industry in which turnover exceeds 84% because of several reasons (lack of security, exhaustion, etc.).

- With average hiring costs at **10,000** pesos per hire for cargo and people transportation, and **4,000** for the warehousing segment, a **1** percentage point reduction in turnover represents savings of **850,000** pesos in cargo and passengers, and **92,000** pesos in warehousing.
- We have achieved a **98.5%** coverage rate for operator positions, thus optimizing the cost of having idle units because of a lack of operators.

OPERATOR TURNOVER RATE



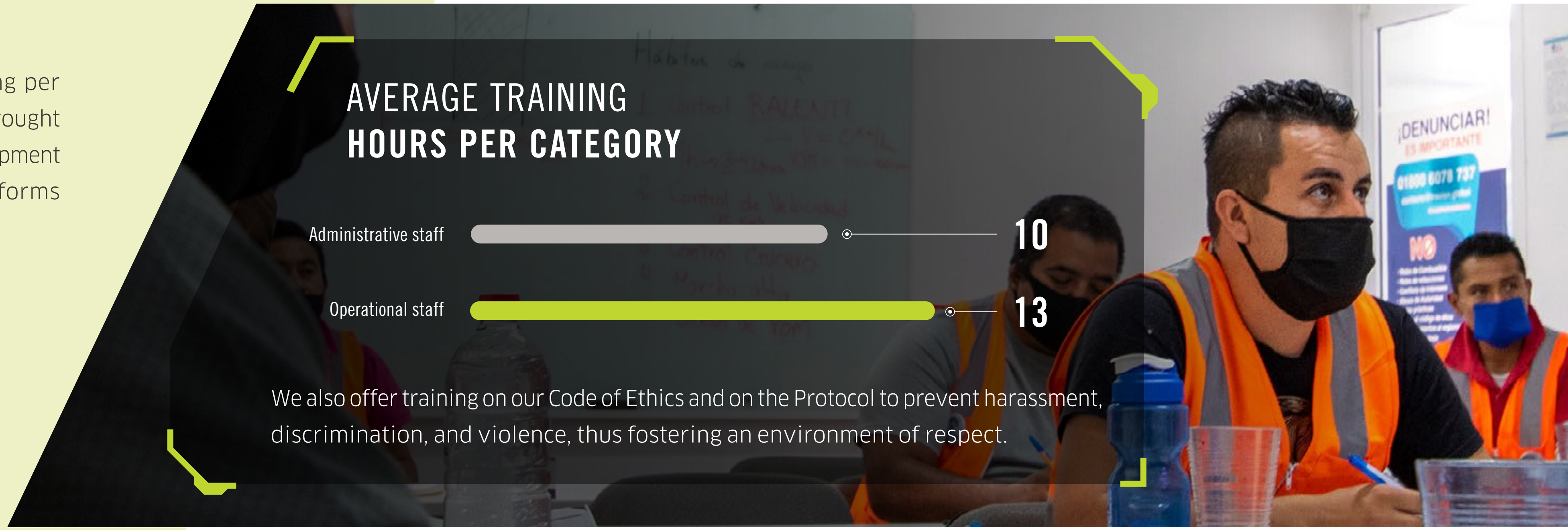
[18] Turnover rate for personnel is estimated by dividing the total number of weekly losses by the average headcount on that given week. The result of the weekly turnover rate is then added to obtain the cumulative annual turnover rate.

TRAINING AND DEVELOPMENT

(GRI 103-2, 103-3, 401-2, 404-1, 404-2, 404-3)

At Traxión, we invest in our talent and offer them training to foster their professional growth and the best experience for our customers. In 2020, we allocated 3 million pesos to offer training to more than 12,500 of our full-time employees.

On average, we offered 12 hours of training per employee[19]. Despite operational difficulties brought about by the pandemic, we supported the development of our employees by means of online platforms whenever possible.



AVERAGE TRAINING HOURS PER CATEGORY

Administrative staff	10
Operational staff	13

We also offer training on our Code of Ethics and on the Protocol to prevent harassment, discrimination, and violence, thus fostering an environment of respect.

[19] Average training hours per employee are the same for men and women, as we make no distinctions based on gender.

The following is a breakdown of the main training programs we offer our employees in one or several business segments. Although we try to standardize training, we also take into consideration the specific needs of each segment.

NAME OF THE PROGRAM	CATEGORY	BENEFITS FOR THE BUSINESS
Onboarding program	Onboarding, including sustainability and Code of Ethics	Promote each employee's integration and adaptation process, in addition to strengthening their sense of belonging to the Group.
Prevent workplace and sexual harassment.	Ethics	Strengthen our culture: alignment to the company's principles and values.
Workplace inclusion for people with disabilities	Human rights	Identify areas in which workplace inclusion projects can be generated.
Psychosocial risks and how to prevent them	Health	Promote the wellbeing of our employees and their families
Customer service	Customer service	Ensure an excellent customer experience and high satisfaction levels.
Commercial basics	Efficiency	Develop abilities and know-how in products and commercial systems within the commercial workforce.
Work management and Team Building program	Leadership	Modify behaviors and develop good relationships among employees to create a sense of team.
Competencies-based training program	Leadership	Develop employee competencies with administrative activities related to leadership, customer-centricity, and teamwork.
Internal operator-instructors	Leadership	Strengthen the team of internal instructors mainly focused on forming and training operators.

NAME OF THE PROGRAM	CATEGORY	BENEFITS FOR THE BUSINESS
Courses on safety issues	Safety	Offer information on protocols to promote the integrity of our operators and power units, adopt best practices, and ensure compliance.
Raise awareness to prevent accidents	Safety	Safeguard the wellbeing of our employees, users, and surroundings, reduce the number of incidents.
Eco-efficient driving	Efficiency and environmental stewardship	Develop and strengthen driving habits to increase fuel efficiency and reduce emissions.
Understanding of vehicular technologies	Efficiency	Enable operators to understand how their vehicles work in order to meet customer requirements, reduce repair times, and improve efficiency.
School for forklift operators	Efficiency	Provide the necessary knowledge and tools for the adequate use of forklifts.
Maintenance best practices	Efficiency	Develop and strengthen employee maintenance capabilities, based on the guidelines and best practices of our suppliers.
Optimization of operational processes	Efficiency	Develop capabilities and knowledge about processes within the operational staff.
Optimization of administrative processes	Efficiency	Provide the necessary tools for optimizing administrative processes.

WE SUPPORT THE PROFESSIONAL GROWTH OF OUR EMPLOYEES: 8% OF THE TOTAL VACANCIES IN THE GROUP IN 2020 WERE FILLED WITH INTERNAL CANDIDATES.

INDICATOR	NUMBER OF EMPLOYEES
Number of vacancies filled with internal candidates in 2020 (employee department changes and promotions).	1,100
Total vacancies filled in 2020 (with internal and external candidates)	13,159

HEALTH AND SAFETY

(GRI 103-2, 103-3, 403-1, 403-2, 403-3, 403-4, 403-5, 403-6, 403-7, 403-8, 403-9, 403-10, 416-1), (SASB TR-RO-320a.1, TR-RO-320a.2, TR-RO-320a.3, TR-RO-540a.1, TR-RO-540a.3).

One of our main priorities is to safeguard the wellbeing of our employees. This is why we ensure that we comply with the measures established by the Mexican Department of Labor and Social Welfare (Secretaría del Trabajo y Previsión Social, STPS) in terms of health and safety.

Additionally, two of our business units have been certified under SMETA[20] which assesses them based on their standards pertaining to labor, health and safety, environment, and business ethics, thus assuring our customers and employees that we employ responsible practices focused on our activities.

In order to identify hazards to which our employees can be exposed, we have health and safety risks matrixes in place, and we identify the series of applicable legal requisites. Based on all this, we have designed strategic plans to guarantee strict compliance at all our business units. We will continue to work on these requirements over the course of the upcoming years.

Our efforts to identify and manage risks include the implementation of a process to diagnose psychosocial risk factors at our business units, as established in the requirements of the Mexican Official Norm NOM-035-STPS-2018. Based on the result of this analysis, we have established response measures that are included in our strategic health and safety plans.

Business units in our **Cargo and Logistics Services segment** have policies and procedures in place to manage workplace and road safety risks as established in Mexican Official

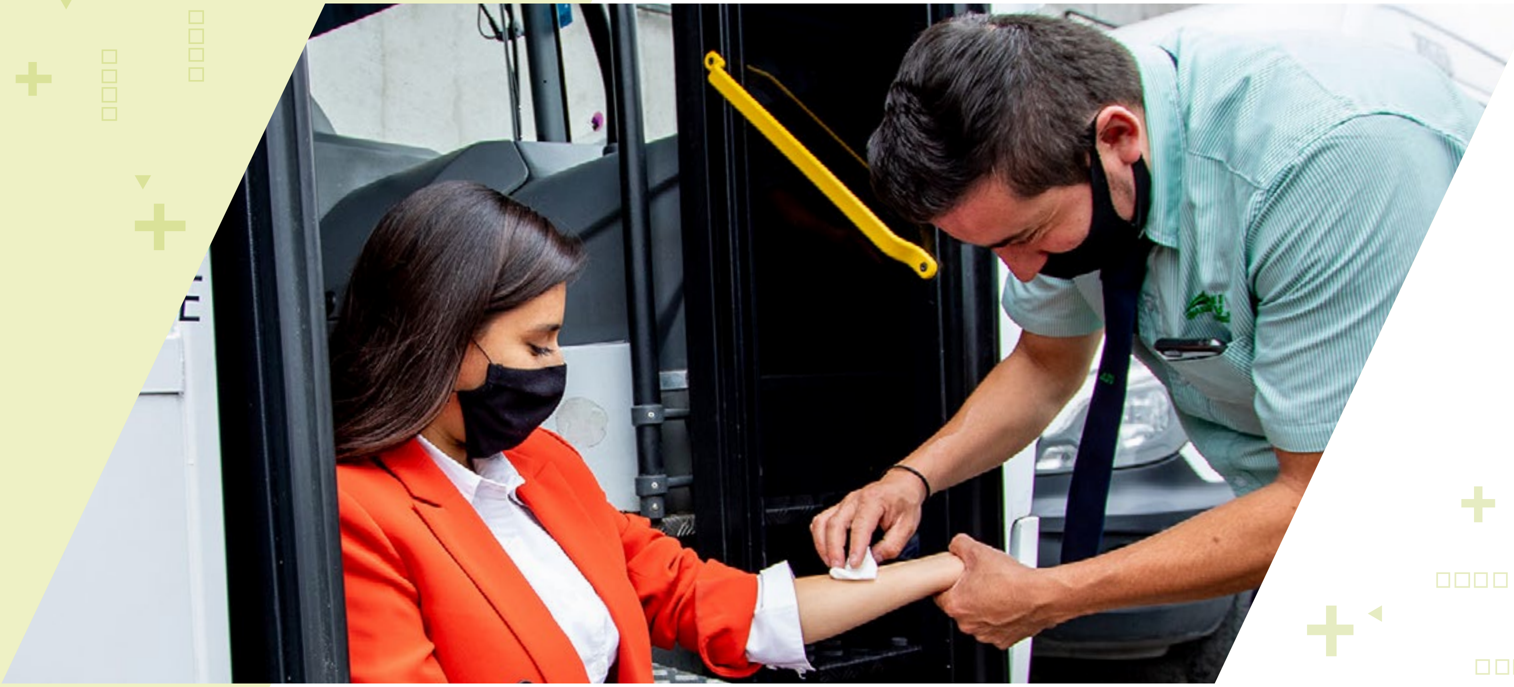
[20] Sedex audit that assesses a given site based on the organizations' standards pertaining to labor, health and safety, environment, and business ethics.

Norm NOM-021-STPS-1994 related to the requirements and characteristics of workplace risks reporting. We offer training to our teams so they can adequately address these issues.

In the Personnel and **Student Transportation segment** we have a comprehensive health and road safety policy in place, and we implement several actions so that our users can reach their destinations safely. At year-end, 1,677 (+30%) of our units were equipped with anti-collision systems which limit the frequency and seriousness of road accidents. In addition, we monitor the alertness of our operators with control dashboards which allow us to improve their driving habits and prevent them from working more hours than they should and avoid fatigue. Over the course of the upcoming years, we will strengthen our Health and Safety Management System.

At all our business units we have a **Health, Safety, and Hygiene Commission** in place which is responsible for taking preventive and corrective measures to minimize occupational risks and assist when a work incident or accident occurs at our operations. It is also responsible for reporting and communicating to employees the results of the Health and Safety studies carried out over the course of the year. Likewise, we have in place a protocol to investigate road accidents in order to have control over any events occurring during the year.

In 2020, we focused on protecting the health of our employees by implementing the necessary measures to prevent potential COVID-19 contagions. To this end, we hired medical services at our operational sites, in addition to our own doctors' offices. These doctors were responsible for recording the vital signs of our employees and they provided basic care in case an employee presented any of the first COVID-19 symptoms or any other illness, and performed fast COVID-19 tests.



As part of our training program, we included courses on health at the workplace, safe operation of power units and forklifts, safe procedures for loading and unloading special materials, as well as courses aimed at raising awareness of the risks that every employee is exposed to in performing their daily jobs, depending on the particulars of his or her activities.

We also promote the health of our employees with an annual awareness, support, and prevention campaign by means of which we offer free vaccinations for illnesses such as influenza, tetanus, and pneumococcus; and we perform free exams to prevent chronic and seasonal diseases. Likewise, we conduct campaigns to promote the social and emotional wellbeing of our employees.

2020 OCCUPATIONAL SAFETY					
	NUMBER OF FATALITIES	FATALITIES RATE[21]	TOTAL LOST-TIME INJURIES	LOST-TIME INJURY FREQUENCY RATE (LTIFR)[22]	TOTAL MAN HOURS WORKED
Employees	5	0.135	397	10.675	37,184,000

INCIDENTS AND ROBBERIES[23]						
BUSINESS SEGMENT	2019			2020		
	INCIDENTS / ROBBERIES	TRIPS	RATIO	INCIDENTS / ROBBERIES	TRIPS	RATIO
Personnel and student transportation – incidents	2,679	6,920,625	0.039%	2,065	7,468,343	0.028%
Cargo and last mile – incidents	2,795	334,593	0.835%	2,647	324,965	0.815%
Cargo and last mile– robberies	104		0.031%	125		0.038%

Further, we have a Safety Committee that is in charge of looking after the integrity of our employees and users by promoting good driving habits among our drivers and contributing to the reduction of accident risks, including traffic accidents and robberies, as well as their related costs.

In 2020, we remained focused on accident prevention by offering training on good driving habits and accident prevention, thus complementing the Mexican Official Norm NOM-087-SCT-2-2017 that we have been implementing to regulate driving and resting periods for ground transportation, a measure with which we aim to reduce road accidents on highways and roadways.

[21] Fatalities rate = (Total registered fatalities / Total hours worked) x 1,000,000.
[22] Lost-time Injuries Frequency Rate (LTIFR) = (Total lost-time injuries / Total hours worked) x 1,000,000.
[23] Accidents and robberies (claims) reported to insurance companies. Figures for 2019 differ from those of that year's report because we have improved on the automation of this data.

We also developed an operator profile; we standardized our operator policies and programs, such as trip assignments, service settlements, and applicable discounts; we established a protocol to deal with crisis management after an accident occurs; and we standardized procedures regarding the way in which emergencies need to be handled and accident criticality.

In addition, we have platforms and control panels in place for measuring blood alcohol levels, drug abuse, workloads, and safety; we implement technological systems that generate information that contribute to accident prevention, such as digital breathalyzers; and we implement the ISO 39001:2012 standard to control road safety in our business units.

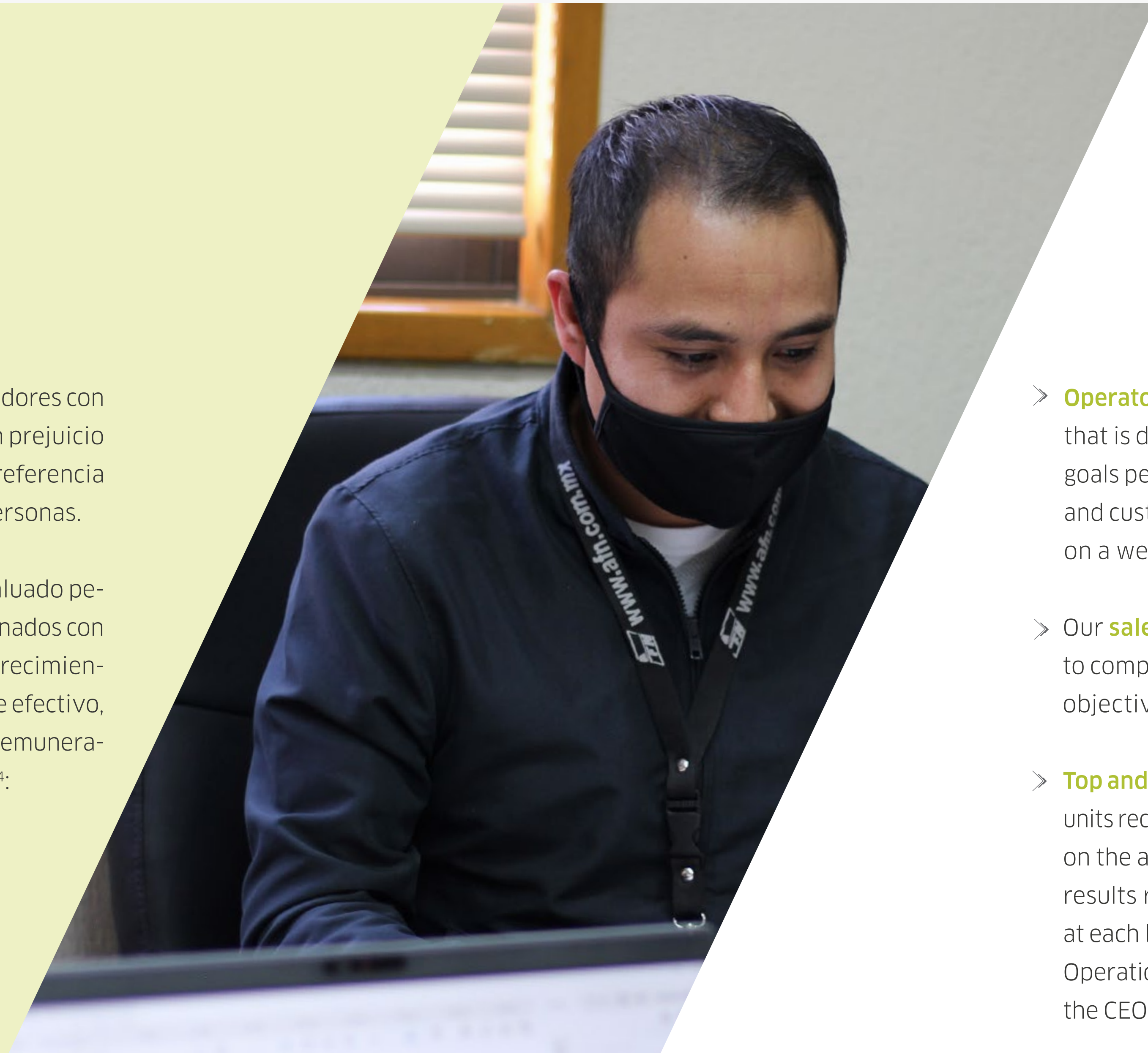
Our goal is to continue to improve the work environment for our employees so that they can perform their jobs in conditions that guarantee their health and wellbeing. In 2020, we conducted a wellness survey in alignment with Mexican Official Norm NOM 035, which helped us better understand the needs of our employees in the context of the pandemic and to receive feedback on our efforts.

COMPENSATION AND BENEFITS

(GRI 401-2, 401-3)

Definimos la remuneración de los colaboradores con base en nuestro tabulador homologado sin prejuicio de género, edad, religión, origen étnico, preferencia política o estado socioeconómico de las personas.

El 64.6% de nuestros colaboradores es evaluado periódicamente con base en objetivos relacionados con rendimiento de combustible, ingreso y/o crecimiento, rentabilidad del negocio, ventas, flujo de efectivo, nivel de servicio al cliente, entre otros. Su remuneración variable está ligada a su desempeño[24]:



- **Operators** are granted a variable compensation that is determined by the achievement of their goals pertaining to fuel efficiency, productivity, and customer service, all of which are assessed on a weekly basis.
- Our **salesforce works on commission,** subject to compliance with sales and customer service objectives.
- **Top and middle management** at all our business units receive an annual performance bonus based on the achievement of business objectives and results related to our six factors[25], established at each business unit by the Human Capital and Operational Excellence teams, and approved by the CEO on an annual basis.

[24] Variable compensation can be paid every week, month, quarter, semester, or year, depending on the business unit and job.
[25] These refer to the most relevant issues included in the Group's KPIs that are part of the Balanced Scorecard: revenue and profitability, human capital, marginal contribution, flow, operation, and customer satisfaction.

In addition, we offer a benefits package to all our employees—regardless of the type of contract—focusing on their wellbeing and that of their families.

The context of the pandemic enabled us to move forward with remote and flexible work frameworks, as detailed below.

HEALTH AND WELLBEING INITIATIVE	DESCRIPTION OF THE INITIATIVE
Flexible work schedule	We established a staggered work schedule to comply with people capacity limits based on the local color-signal system and in compliance with work hours.
Working from home	We identified those jobs that could be performed remotely and established work logs, letters of commitment, and a weekly program to monitor deliverable status in order to ensure the effectiveness of this measure.

In this way, we not only facilitated the commitment of our employees but also ensured their safety. For our on-site personnel, this was complemented with adequate measures such as, for example, safety protocols, sanitation stations, and health monitoring.

At Traxión we support our female and male employees in their right to exercise their maternity and paternity rights. We value the fact that all our employees return to work after the end of their leave period and most remain with the company thereafter.

PARENTAL LEAVES 2020	MEN	WOMEN
Employees with the right to take a parental leave.	158	79
Employees who took a parental leave.	154	79
Employees who returned to work at the end of their leave during this reporting period.	154	78
Employees who returned to work at the end of their leave and continued to be employed by the company 12 months after returning to work.	138	68

CULTURE, CLIMATE, AND COMMITMENT

(GRI 103-2, 103-3, 406-1)

Traxión's aspirational culture is based on our vision, mission, and values and is defined in the competencies model we established in 2020. It includes 3 key competencies that every Traxión employee needs to develop, regardless of his or her job profile, 5 competencies for middle management, and 5 additional competencies for top management at each of Traxión's business units.

KEY COMPETENCIES FOR TRAXIÓN EMPLOYEES

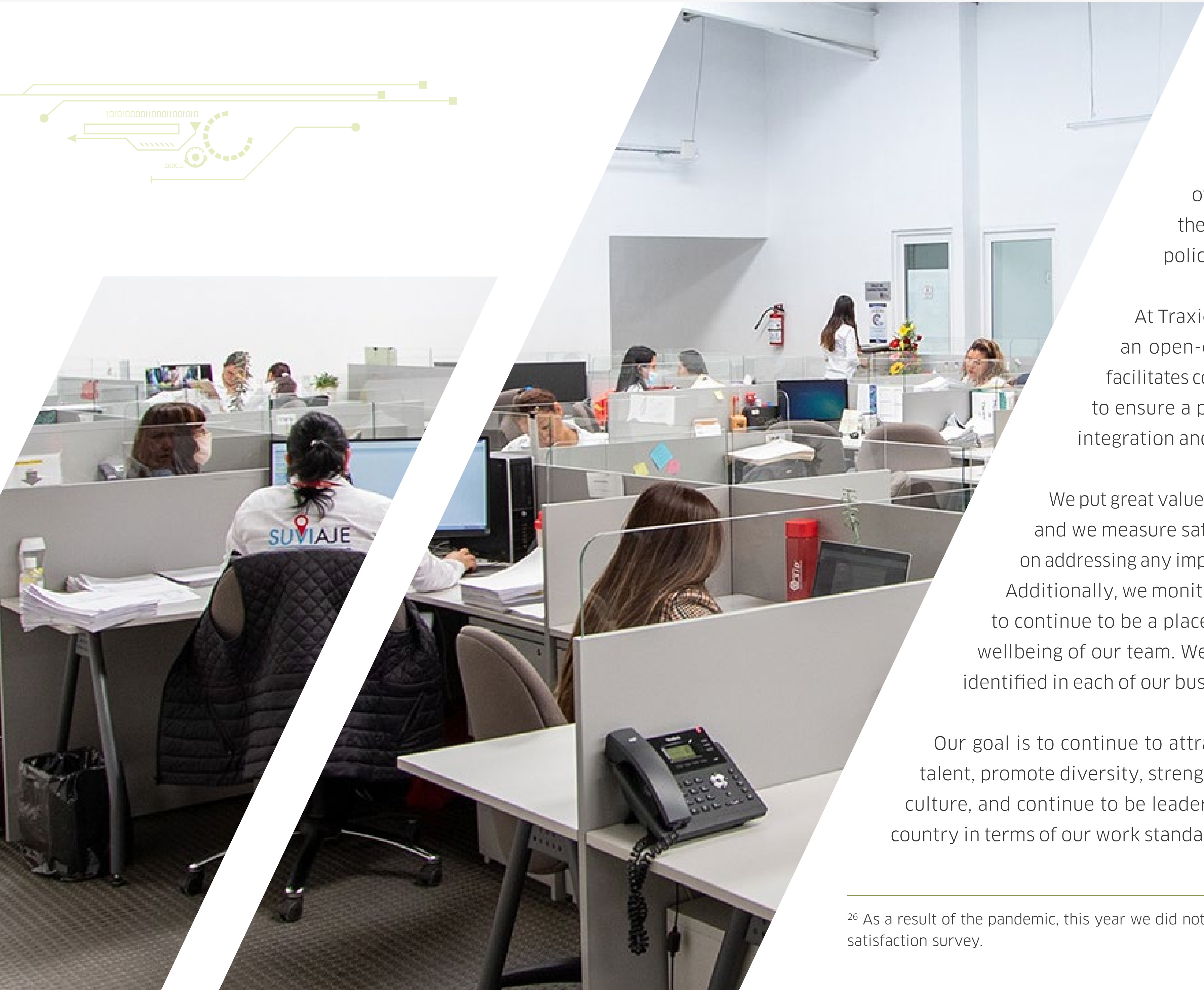
- Customer-centricity
- Results
- Teamwork and collaboration

MIDDLE MANAGEMENT COMPETENCIES

- Employee development
- Excellence in execution
- Team leadership
- Resource and budget optimization
- Creative thinking

TOP MANAGEMENT COMPETENCIES

- Organizational capacities
- Strategic guidance
- Influence and impact
- Organizational leadership
- Vision of the business



We are currently promoting the adoption and incorporation of these competencies at all the Group's business units. One of Traxión's most treasured features is the respect for organizational structures, philosophy, and work practices of the companies we acquire. This is complemented with the implementation of common and transversal processes, policies, and work guidelines that facilitate efficiency.

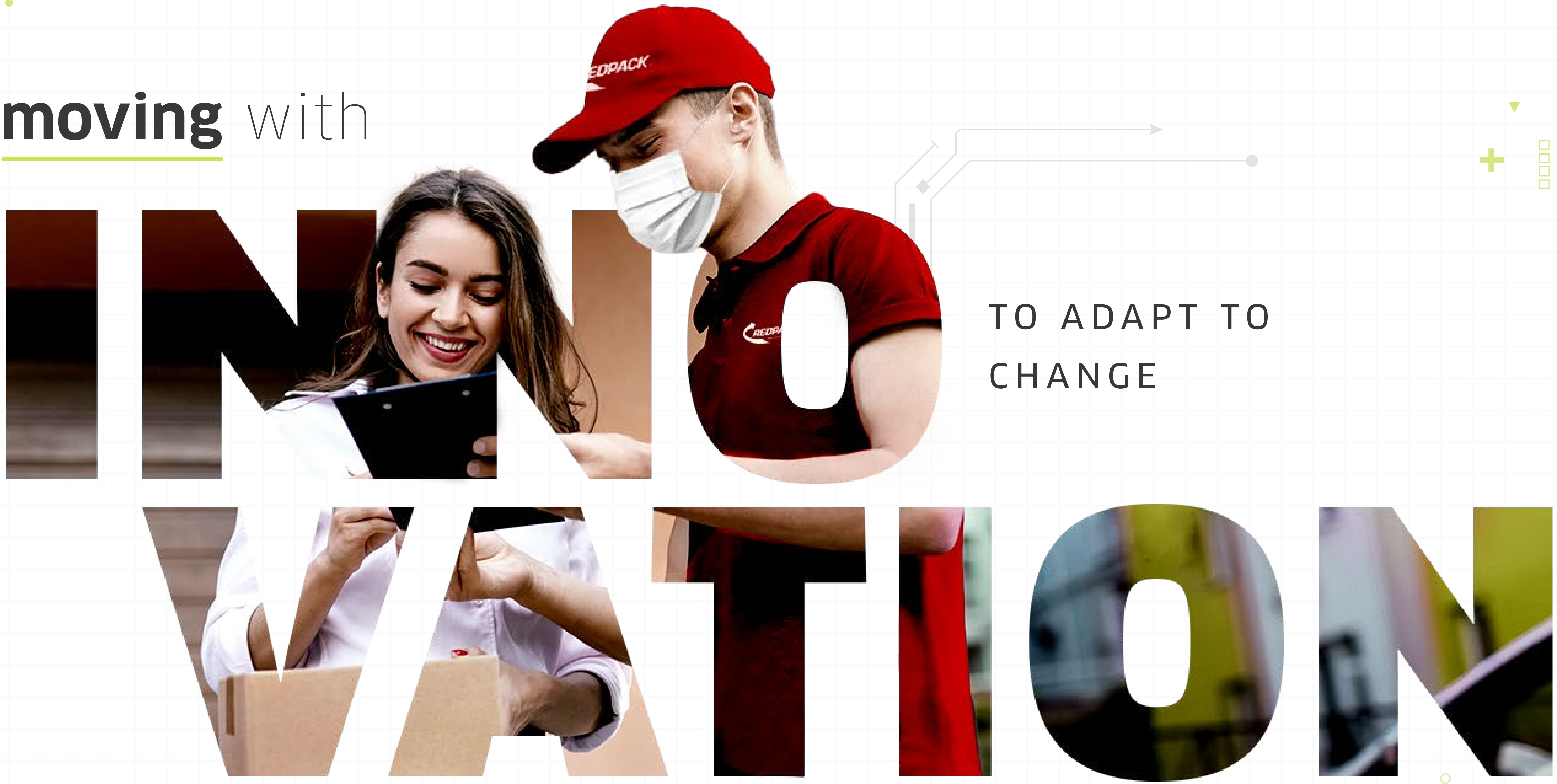
At Traxión we listen to every voice. That is why, we have an open-door policy that promotes transparency and facilitates communication among our employees. We strive to ensure a pleasant work environment that favors the integration and sense of belonging of our employees.

We put great value on the quality of our work environment, and we measure satisfaction levels annually[26], and work on addressing any improvement opportunities we identify. Additionally, we monitor employee engagement in order to continue to be a place that promotes the growth and wellbeing of our team. We learn from the best practices identified in each of our business units.

Our goal is to continue to attract and develop the best talent, promote diversity, strengthen our organizational culture, and continue to be leaders in our industry and country in terms of our work standards.

[26] As a result of the pandemic, this year we did not conduct an employee satisfaction survey.

moving with INNOVATION



TO ADAPT TO CHANGE

3 new technology-based logistics platforms

8,357 power units

535,855 m² of warehouse 3PL space

We have a differentiated business model that unifies our personnel and student transportation, cargo and logistics services into a single platform. We operate with a modern fleet that ensures the highest safety and service standards; its size and diversity allowed us to successfully address the changes brought about by the pandemic.

The Traxión Management Model maximizes the potential of technology by integrating different solutions around SAP/S4 HANA. It enables us to employ standardized and optimized processes, efficient controls, and readily available information for the decision-making process.

We use technology to leverage our processes and to develop asset-light business models. We prevent cybersecurity risks by reinforcing the way we manage it at all levels.

We innovate in collaboration with our suppliers to offer high-quality services and solutions and to mitigate environmental impacts.

OUR FLEET

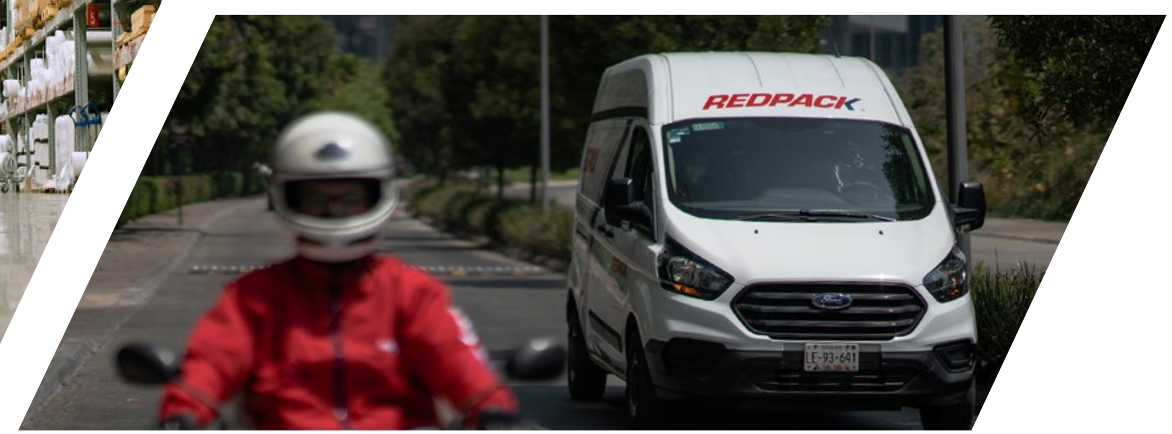
SECTOR BACKGROUND

In Mexico, the **cargo industry** is fragmented into a series of small companies and self-employed drivers, known as man-trucks. Accordingly, the fleet is composed of very old units, with low investments in maintenance. Likewise, there is a deficit in highway conservation and in the infrastructure needed to operate with alternative fuels, such as vehicular natural gas. Other difficulties faced by the industry include a scarcity of operators, as a result of the difficult work conditions in general.

This is particularly true in the **personnel and student transportation sector**, given the deficiencies and unsafe conditions of public transportation in our country. Large companies offer their employees shared private transportation with previously determined routes in order to offset the complications inherent to accessing public transportation. By their own nature, these services contribute to the reduction in the use of private automobiles and directly contribute to emissions reductions.

Logistics services are growing rapidly. On the one hand, as a result of Mexico's positioning as an exporter in several sectors that have recovered well in the framework of the USMCA trade agreement. On the other hand, the pandemic significantly increased e-commerce penetration in the country. The sector faces a technological challenge if it wants to be more efficient. In relation to the fleet, it includes the opportunity to incorporate less-contaminating last mile vehicles (hybrid and/or electric).

As is explained throughout this chapter, Traxión is currently uniquely positioned in Mexico to not only meet these challenges, but to excel in doing so.



OUR DIFFERENTIAL VALUE

In the personnel and student transportation segment, we have the largest and most modern fleet in the country; in the cargo and logistics services segment, we rank second in terms of the number of power units.

During 2020, the size and diversity of our fleet enabled us to rapidly respond to the needs of our customers and address the changes in demand for services per sector and type of activity, maximizing our commercial and operational potential in the midst of the pandemic

As a whole, we own a fleet composed of 8,357 power units, 1.4% more than the previous year, with a 2% increase in the personnel and student transportation fleet, and an 11.6% increase in the last mile fleet.

For the latter, we are incorporating comprehensive logistics solutions based on third-party fleets, to increase our capacity with lower investments in assets (asset-light growth).

PERSONNEL AND STUDENT TRANSPORTATION

5,473
Buses and vans for transporting people

CARGO AND LOGISTICS SERVICES

693
Last mile units

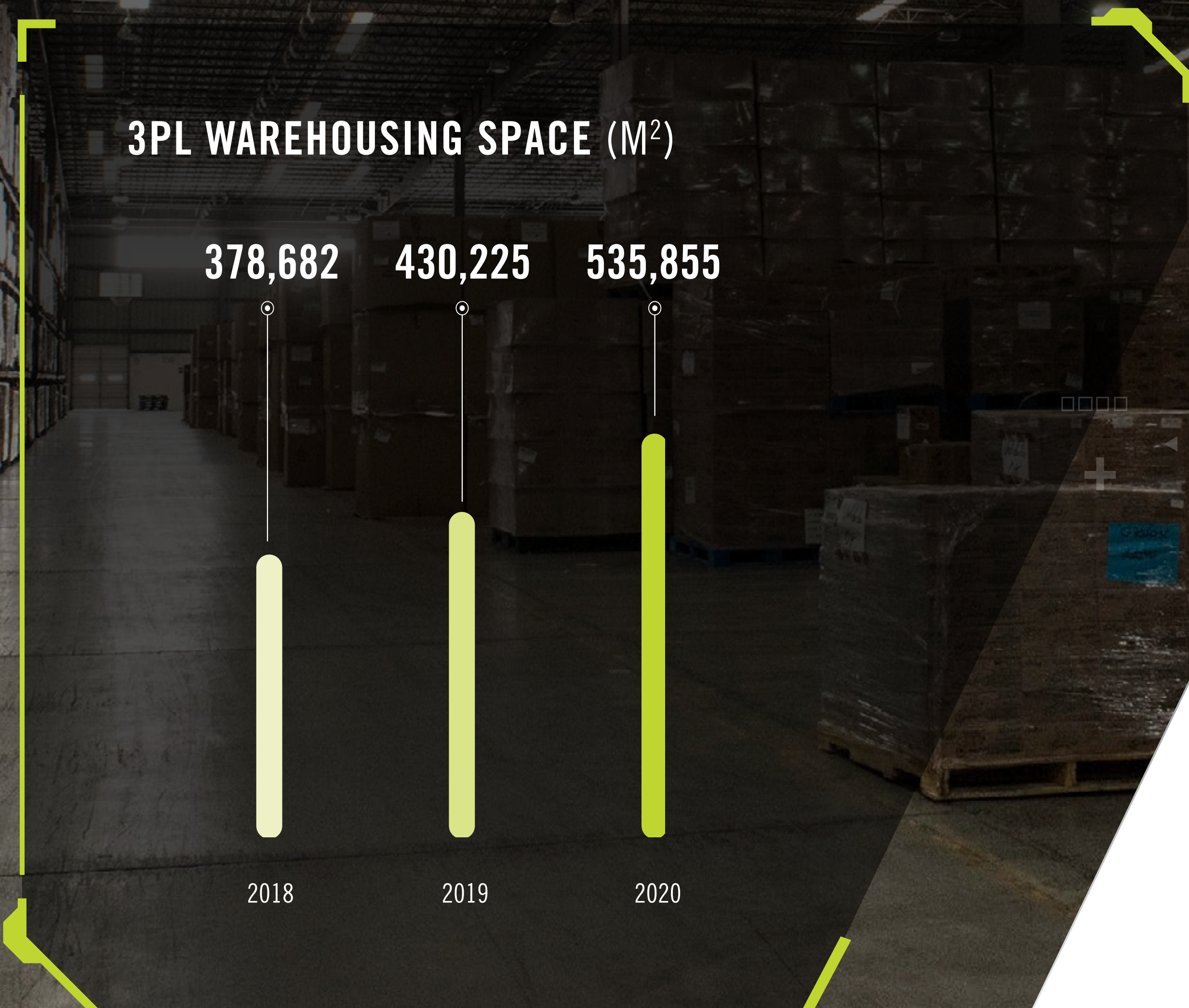
2,191
Cargo trucks

535,855 m²
of warehouse 3PL solutions

4,500
Trailers, dry and refrigerated vans, hoppers, platforms, dollies

The age of our fleet is another of our strengths as it ensures higher safety and service standards as well as a more environmentally friendly operation. In 2020, the average age of our personnel and student transportation units was 4.3 years which, when compared to 4.9 years in 2019, shows the impact of our fleet renovation; in the cargo and logistics services, the average fleet age remained stable at 4.8 years.

At Traxión we strive to reinforce the comprehensive service we offer our customers. The space we have allocated to logistics solutions increases year on year, reaching 535,855 m² for warehouse 3PL solutions in 2020. This represents 24.5% more than in 2019 and 41.5% more than in 2018.



As part of our growth and diversification strategy towards an asset-light model, in 2020, **Traxión Logistics** began operations[27]. This is a new business unit that incorporates own and third-party transportation and logistics solutions within a technology-based ecosystem that employs a last-generation Transportation Management System (TMS) which is digitally integrated with customers´ and Traxión systems.

At Traxión Logistics, with the support of state-of-the-art Control Tower technology, we digitally integrate the visibility of our own and outsourced fleets to offer a single visibility point and the orchestration of operations with Data Analytics and Business Intelligence capabilities.

[27] Asset-light: Business model with low or no investment in fixed assets.

TRAXIÓN
MANAGEMENT MODEL

(GRI 103-2, 103-3)

In order to capitalize on the accelerated growth of our activities and to be more efficient, we implemented the **Traxión Management Model**. This is the integration of technology-based solutions with SAP/S4 HANA as their central structure and One Stream as the structure for consolidating information, reporting, and KPIs.

It enables us to generate value by means of improvements in the decision-making process, the standardization and optimization of business processes, and information controls, timeliness, and quality.

With this, we are able to align inter-company operations and strengthen the way in which we monitor our operational, financial, and human capital management.

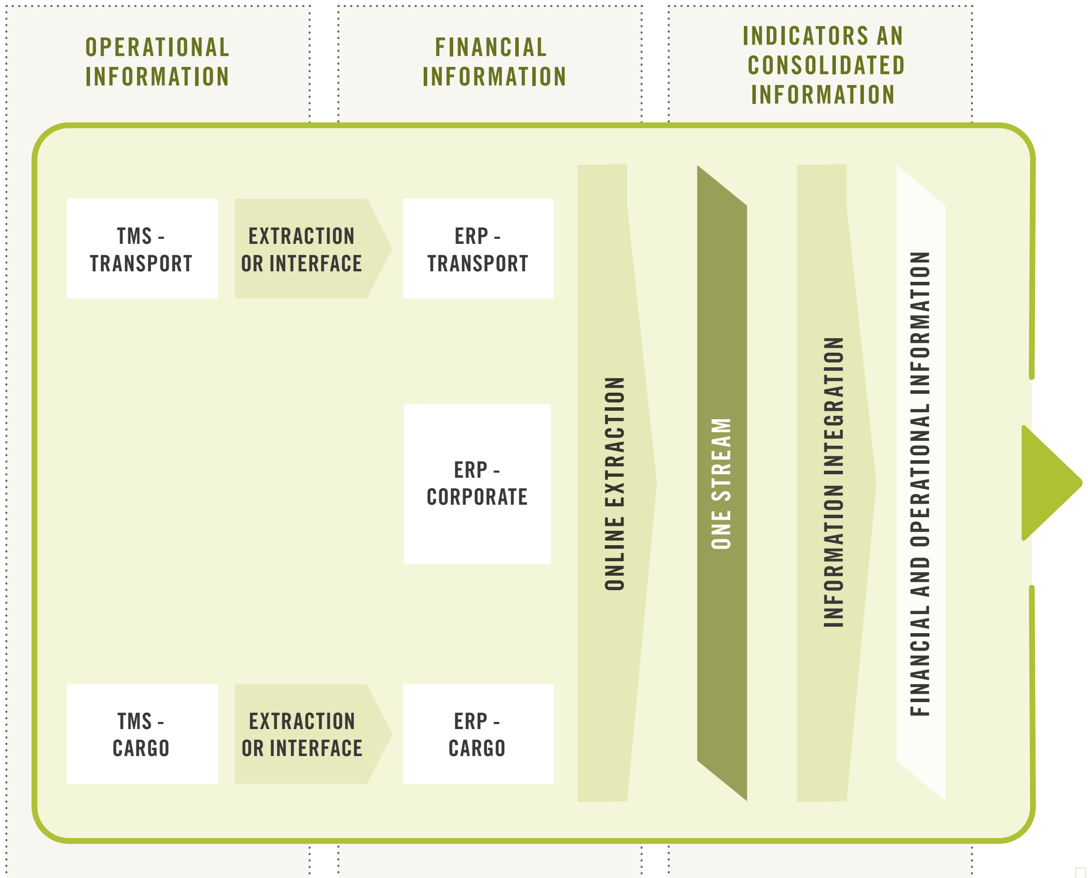
, Along with SAP/S4 HANA, other state-of-the-art technological solutions are integrated in the Traxión model.

- To capture information, we use TMS + the supplier´s portal operation + Concur for travel data management + Salesforce for commercial forecasting and monitoring, all connected to SAP.
- Decision-making data is produced using OneStream as our operational and financial KPIs consolidation and reporting system.

Transportation Management Systems (TMS) for each business unit collect operational data generated by the fleet and are key to always making pertinent decisions.

With this unique way of operating, we promote Traxión's comprehensive vision, with the following benefits:

- **Standardized processes**, controls, and criteria for all business units, in addition to each company managing its input data and making decisions based on the output data.
- **Ensure agile and timely decision-making.**
- **Identify improvement opportunities** in procurement conditions, with actions at the Group level.
- **Incorporate best practices in the market**, generating value in the business processes.
- **Control mechanisms** that are incorporated into the model strengthen our internal control system and mitigate risks.
- **Generate synergy opportunities** in commercial actions across different business units, including cross-selling.



To strengthen the Model's vision, we have an Operational Excellence (OPEX) department in charge of standardizing and promoting continuous improvement in our operations. In addition, this department is responsible for monitoring and following up on the KPIs for each business, all of which are concentrated in Traxión's Balanced Scorecard and reviewed on a monthly basis by the CEO.

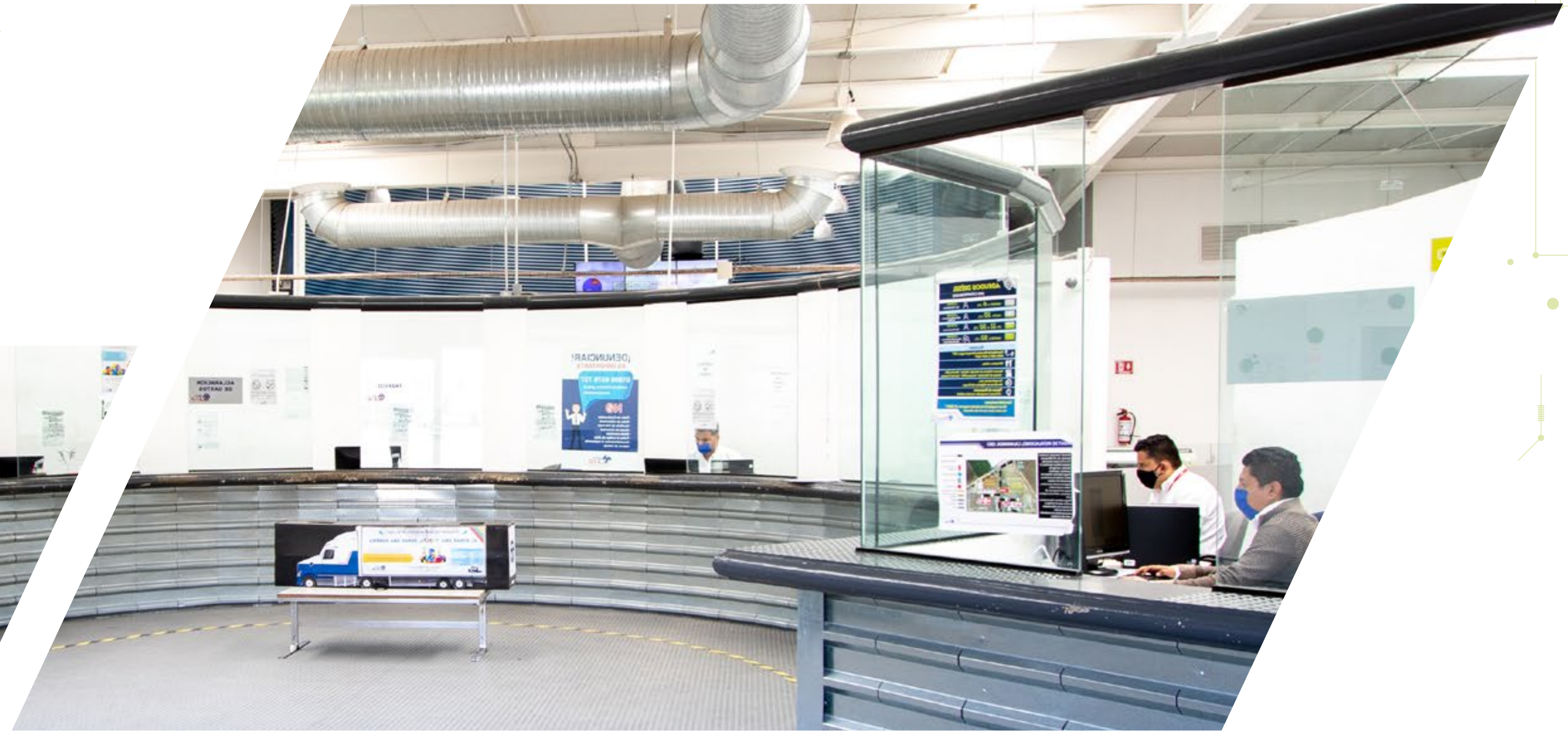
HUMAN RESOURCES SYSTEM—TALENTRAX

In 2020, the Human Resources Management System "Talentrax", was implemented at all the Group's business units. It helps manage the workforce by means of a process to standardize positions, structures, and procedures. It employs Success Factors, a state-of-the-art SAP platform, that employs a safe, mobile, and innovative technology. With it, we will be able to manage the increase in talent associated with Traxión's rapid growth.

INNOVATION AND TECHNOLOGY

OPERATIONAL **IMPROVEMENT**

(GRI 103-2, 103-3, 203-1)



At Traxión we focus our innovation processes mainly on the creation and development of new technology-based business models.

In 2020, given that the Technological Innovation Committee's responsibilities registered a considerable growth, it was decided to create two committees: the Innovation Committee and the Information Technologies Committee, with specific agendas but working in a fully coordinated manner.

INNOVATION COMMITTEE:

Is responsible for promoting innovation at Traxión by proposing new business models, processes, and technologies. With the support of the Information Technologies Committee and other key areas within the Group, its goal is to develop projects that address new market demands in a disruptive manner.

INFORMATION TECHNOLOGIES COMMITTEE

Is responsible for promoting innovation by employing Information Technologies and defining and standardizing the technologies and processes used across Traxión. Its goal is to create synergies by being a meeting point for communicating and exchanging experiences related to IT projects for both the business units and the Group as a whole.

The Innovation Corporate Department supports both committees, works with the business units' teams, defines the strategy related to these issues, and contributes to the development of the Traxión Management Model.

We put technology to work for our customers, contributing to the efficiency of their operations and reinforcing security and safety. The following are among the solutions we offer:

SYSTEM OR MODULE	OBJECTIVE	PERSONNEL AND STUDENT TRANSPORTATION	CARGO AND LOGISTICS SERVICES
Tracking systems	Monitor routes and transfer points via satellite	✓	✓
Telemetry	Understand the behaviors and habits of our operators to avoid incidents, optimize routes, and improve efficiencies in the use of fuel.	✓	✓
SIGI	Record in the Incidents Management System accidents and how they are handled, in order to analyze them and create action plans.	✓	✓
Tour Solver	Design optimal routes based on variables such as time, capacity, collection radius, and number of users to pick-up.	✓	
ETA app	Manage and monitor personnel transportation in real time, ETAs, and supervise the moment when users get on and off.	✓	
Bustracker	Detect delays and route detours and estimate pick-up and arrival times.	✓	
Schools app	Manage and monitor student transportation in real time, ETAs, and supervise the moment when users get on and off.	✓	

This year in particular, a considerable portion of our investments were allocated to technological development because we promoted our asset-light businesses: Traxión Logistics, Traxporta, and Traxi. This will allow us to increase our sales without the need to invest in fixed assets.

TRAXIÓN **LOGISTICS**

Provides a comprehensive service portfolio at all levels of the supply chain based on a consultive model (3PL/4PL), with state-of-the-art technological capabilities that ensure continuous improvement and service consistency.

It constitutes an example of the potential for integrating different customer-centric technologies. The following are the main such technologies:

TECHNOLOGY: TRAXIÓN LOGISTICS

Based on technological innovation to provide comprehensive solutions, Traxión Logistics has 8 different tools to meet our customers' needs in a cloud-based environment:

TRAXIÓN LOGISTICS

INTEGRATION AND CONNECTIVITY

Ease in communication, connectivity, and integration of Traxión's systems with our customers and suppliers to offer a single point of contact experience in a standard, agile, and easy to manage manner.

SUPPLY CHAIN STRATEGIST

Strategist enables us to assess the value chain from a tactical point of view.

TRAXPORTA

Traxporta is a platform that enables us to connect loaders with carriers in an efficient cloud-based manner.

TRANSPORTATION MODELING

Modeling enables us to design every detail of the operation to establish the optimal routes and costs.

IZEL (VMS)

Izel enables us to wholly manage operations inside distribution centers. Configurable to any operation.

TRANSPORTATION MANAGEMENT SYSTEM

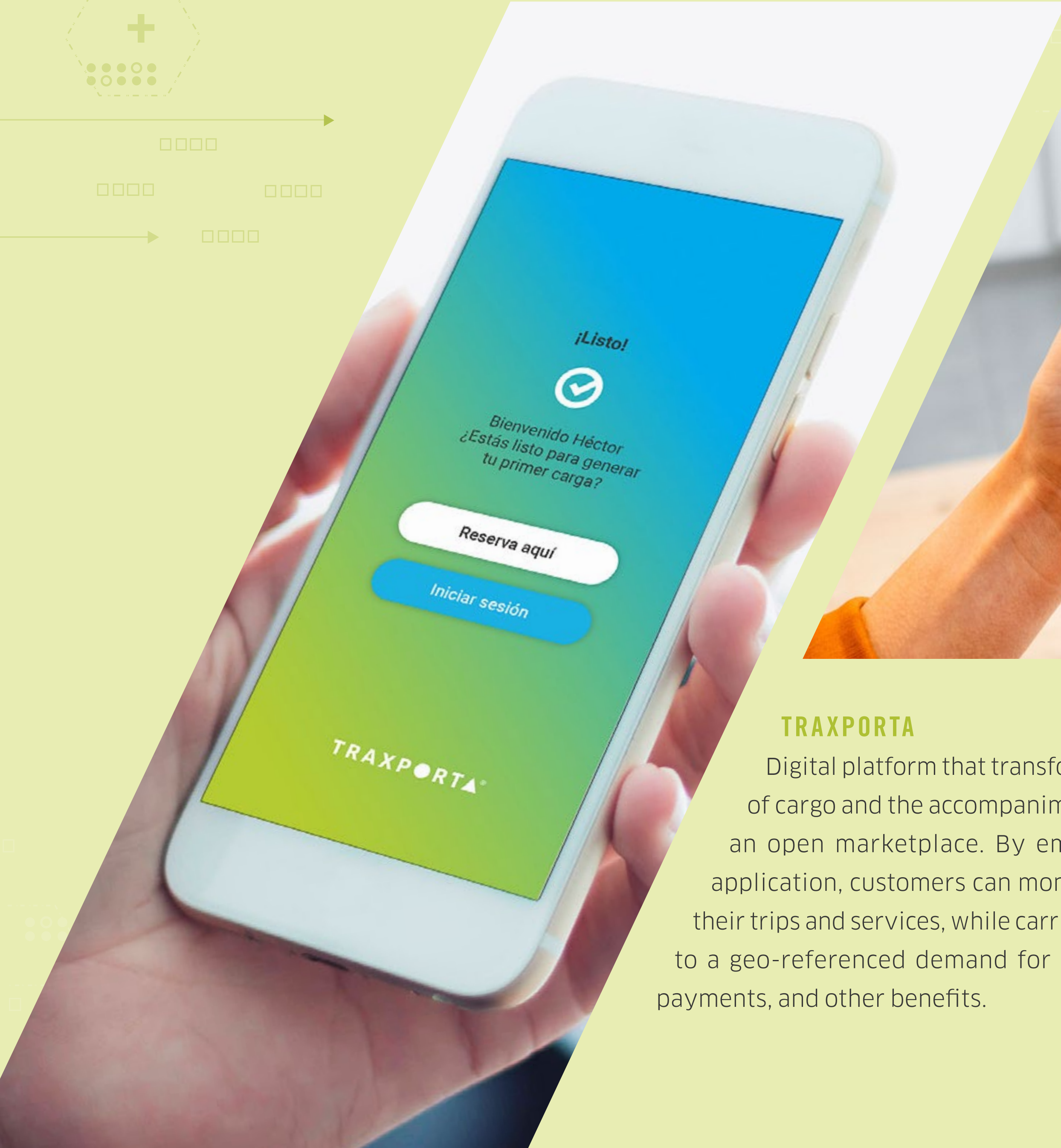
TMS is a daily planning and execution tool that allows us to fully take advantage of the suggested network.

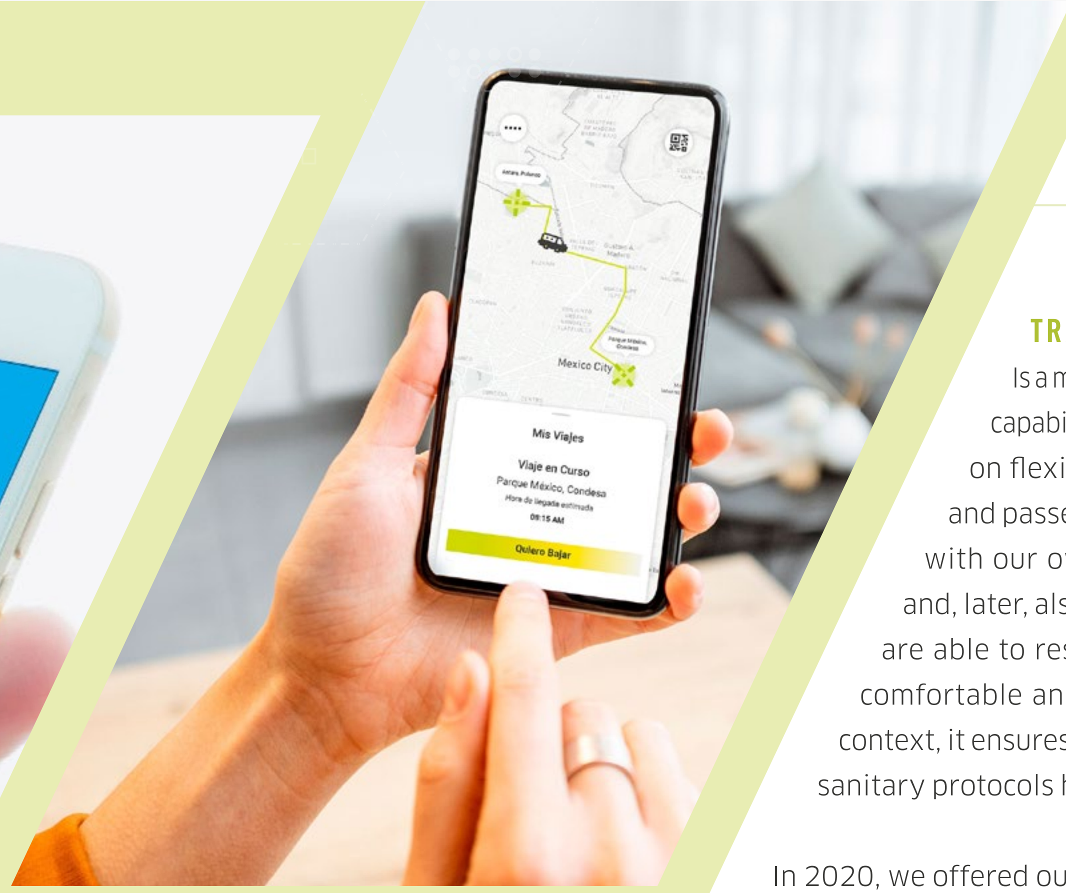
POWER Bi

Is a powerful Microsoft platform for managing, adapting, and visualizing data.

LUMINATE CONTROL TOWER

LCT is our control tower that gives us a 360o view of our logistics operations.





TRAXI

Is a mobile application that provides the technological capability to offer shared-passenger transportation on flexible routes, including seat reservations and passenger management, that is completed with our own passenger transportation fleet and, later, also with that of third-parties. Users are able to reserve their seat and travel in a comfortable and safe manner. In the current context, it ensures passengers that the strictest sanitary protocols have been followed.

In 2020, we offered our support through Traxi by transporting medical personnel[28].

TRAXPORTA

Digital platform that transforms the management of cargo and the accompaniment of carriers over an open marketplace. By employing a single application, customers can monitor in real time their trips and services, while carriers gain access to a geo-referenced demand for cargo, faster payments, and other benefits.

Our commitment to innovation and technology has made us the benchmark in the industry, as we overcome Mexico's gap with comprehensive, modern, and efficient services. Our vision of the future includes state-of-the-art digital technologies such as Big Data and Artificial Intelligence.

[28] More information on this has been included in the section entitled COVID Response.

CYBERSECURITY

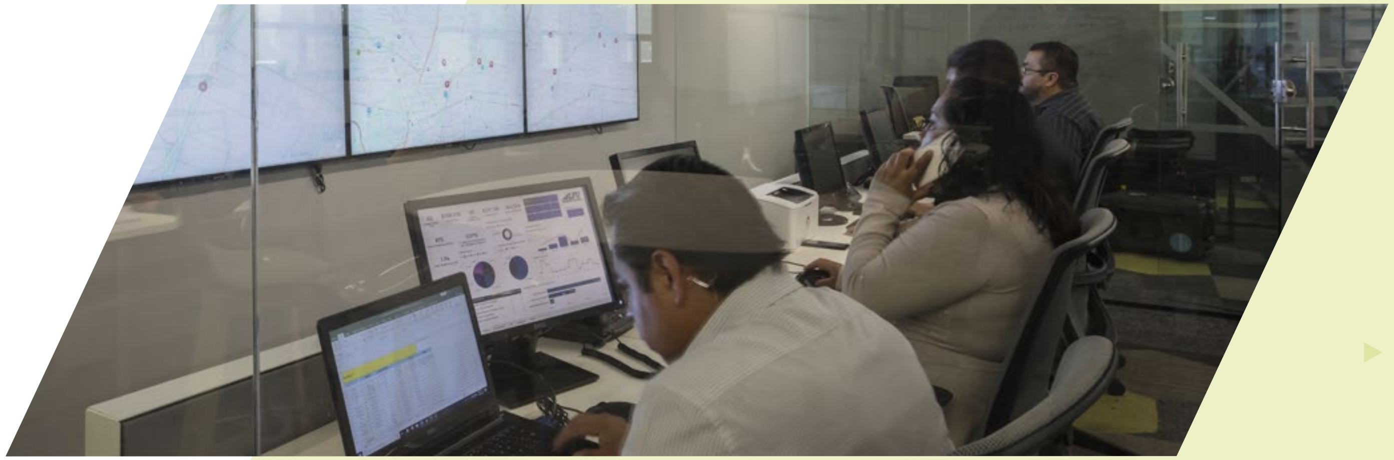
(GRI 103-2, 103-3, 418-1)

Since technology is not exempt from risks, at Traxión we work to prevent them. It is important to underscore that most of our systems operate safely on the Azure and AWS clouds.

In order to ensure the security of our customers' information we have a specialized cyber security team that reports to the Information Technologies Corporate Department. Additionally, starting in 2020 the Traxión Audit Committee monitors cybersecurity issues.

We also implement the following cybersecurity measures at all our business units:

- Develop training programs.
- Raise awareness, including sending internal communications.
- Establish a process for reporting suspicious events or IT incidents, which are scaled up to the corporate top management team if deemed necessary.

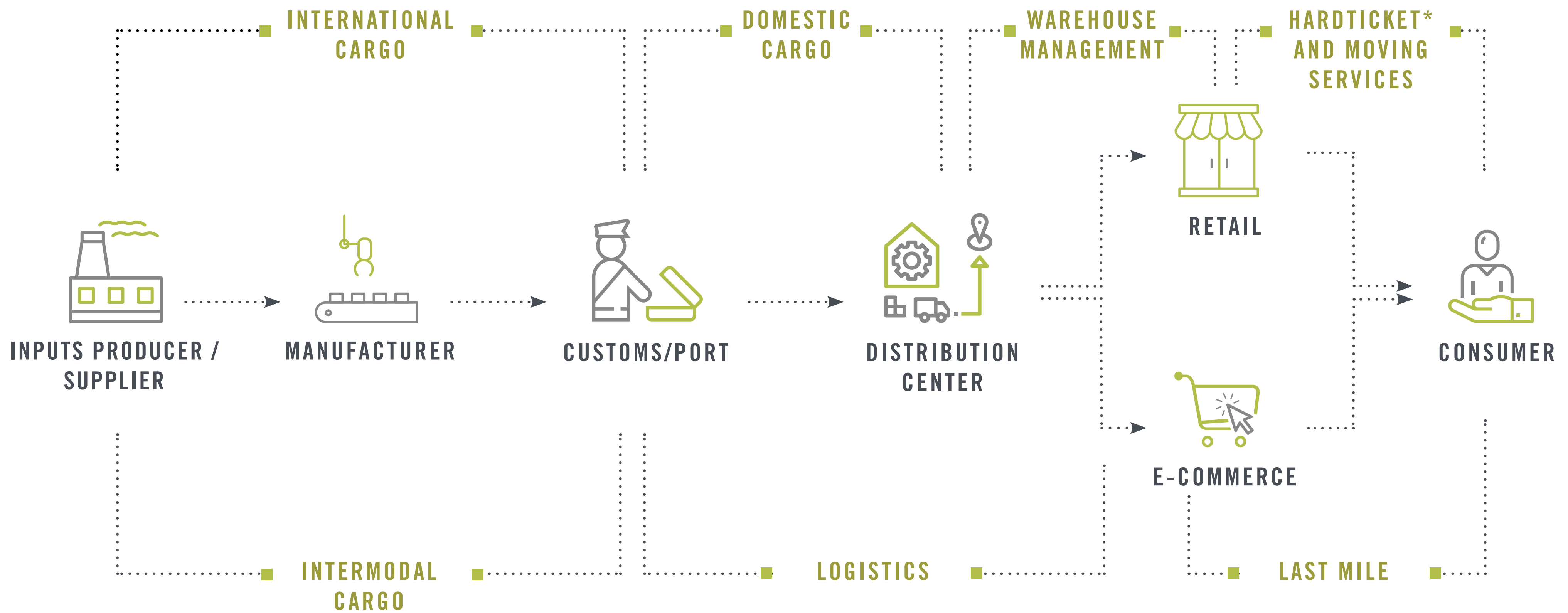


TYPE OF CYBERSECURITY INCIDENT	QUANTITY REPORTED IN 2020
Total number of information security gaps or other cybersecurity incidents (addressed).	4
Information security violations that involve our customers' personal identification information.	None
Customers affected by the violations to the company's data	None
Fines paid related to information security breaches or other cybersecurity incidents.	None

In 2021, we will implement additional measures, including the establishment of an Information Security Committee, in which all the companies participate, and the creation of a standardized Information Security Policy for the Group as a whole. The Committee will oversee the development of a complementary self-regulation process and promote a culture of prevention in cybersecurity.

OUR VALUE CHAIN

WE ARE PRESENT IN THE DIFFERENT STAGES OF THE VALUE CHAIN OF OUR CUSTOMERS.



MANUFACTURING · CUSTOMS/PORT · WAREHOUSING · DISTRIBUTION · RETAIL - E-COMMERCE · CONSUMER · PERSONNEL TRANSPORTATION

(*) Transportation of heavy articles such as refrigerators, washing machines, bedroom furniture, etc. to consumer addresses.

In order to provide the best service experience to our customers and users in the personnel and student transportation segment, we conduct a quarterly customer service survey based on the Net Promoter Score (NPS) methodology, supported by an independent platform[29].

In 2020, our average annual NPS Index was 83%; our 2021 goal is to achieve a score of 75% in that segment and assess 100% of our business units in the cargo segment.

[29] Methodology for measuring customer satisfaction, whose index is calculated as follows: Net Promoter Score (NPS) = % of promoter customers - % of detractor customers. Promoters: customers who assign a score of between 9 and 10; passive: assign a 7-8 score; detractors: assign a score of 6 or less.

SUPPLY CHAIN

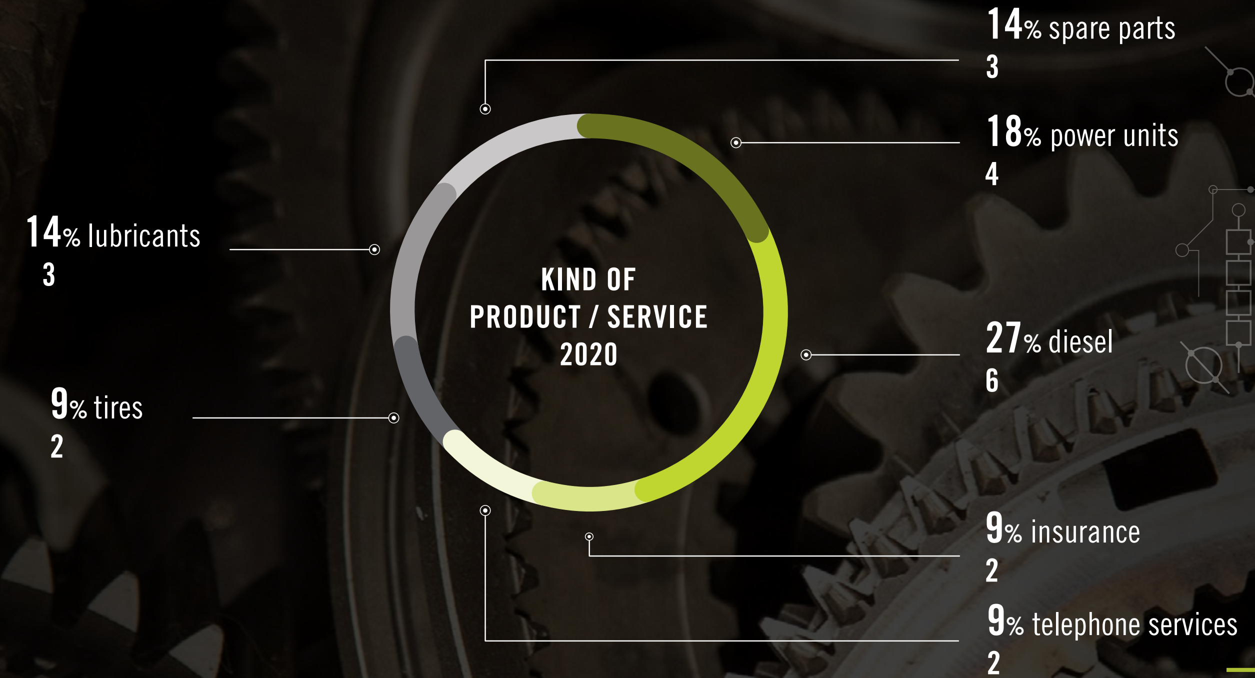
(GRI 102-9, 102-10)

We work with suppliers of accredited experience and quality that enable us to operate in an efficient manner and to meet the needs of our customers.

We launched a supplier portal in order to manage and enable an automated experience in our procurement processes and accounts payable. The portal enables us to carry out a diversity of validations, depending on the stage of the procurement process in which we are involved, while maintaining close communication with our ERP systems.

At year-end 2020, our value chain included hundreds of suppliers, of which 23 are considered Tier 1[30], all of these are domestic.

BREAKDOWN OF TIER 1 SUPPLIERS



BREAKDOWN OF PROCUREMENT EXPENSES FOR 2020	
SUPPLIER CATEGORY	% OF TOTAL PROCUREMENT EXPENSES
Diesel	76.9%
Insurance	6.2%
Spare parts	3.8%
Tires	3.1%
Lubricants	1.0%
Telephone services	0.8%
Other suppliers (not tier 1)	8.2%

[30] Tier 1 refers to direct company suppliers whose goods or services are traded with no intermediaries. In our Supplier Management Methodology, we define our main suppliers as Tier 1 suppliers. These represent approximately 90% of our procurement expenses.

Power units are accounted for as an investment and not as an expense; they represented 63.3% of the total investment budget in 2020, compared to 86.0% in 2019.

In order to determine whether a supplier is critical, we take into consideration those suppliers that represent a large volume of our investment and direct expenses and/or supply us with components that are indispensable for the continuity of the operation. These include suppliers of power units, diesel, tires, spare parts, lubricants, insurance, and telephone service.

To avoid operational risks, we have a policy in place that prohibits us from having single or irreplaceable suppliers.

In terms of diesel and tires—our main consumable inputs that have an impact on the environment—we have the necessary infrastructure and processes in place that enable us to use them in an efficient and responsible manner:

- **We acquire diesel** from suppliers that have undergone strict certification and audit processes, while at the same time applying advanced filters and tests on the fuel they deliver, with which we ensure the quality and traceability of the product.
- **With respect to tires**, we promote reusing them in our own power units.

Also regarding our inputs, we work on selecting high-performance engines, with lower emissions, for which we carry out tests in collaboration with our suppliers. We also add additives to the fuel. This year we conducted tests with efficient electric air conditioning units that use the trucks' batteries in order to minimize the use of the ralenti (idling engine) [31].

In 2020, we also started including climate change issues in all our supplier evaluation processes, and not only in specific inputs as we had done in the past. In 2021, this practice will extend across our Tier 1 suppliers. This will also be complemented in 2021 by requiring all our suppliers to sign the Code of Conduct for Suppliers, Partners, and Contractors. Additionally, we will work on the development of an ESG assessment questionnaire.

[31] More information on this has been included in the section entitled Natural Capital.

moving by a COMMITMENT

TO MITIGATE OUR ENVIRONMENTAL IMPACT

3.65 km/liter
in fuel efficiency

466,732 tCO_2e
of GHG emissions (Scope 1)

9,130
renewed tires

As industry leaders, we made progress in the identification and implementation of actions aimed at reducing our environmental footprint, especially in terms of the production of Greenhouse Gas Emissions (GHG).

We use fuel in an increasingly more efficient manner, with a modern fleet that uses telemetry devices and by training our operators in eco-efficient driving. Furthermore, we monitor the quality of the fuels we use and work on improving it. In addition to reducing them, we are looking to compensate our emissions, in order to accelerate the suppression of their impact.

In terms of waste, we support the development of circular economy models for tire management, and we enable the use of replaced spare parts.

Safeguarding the environment is part of our responsibility and commitment to future generations.

ENERGY AND EMISSIONS

Curtailing the environmental impact of the transportation sector is one of the most relevant issues to ensure the sustainable growth of economies around the world.

Aware of our leadership in the industry and committed to building a sustainable future for the next generations, we implement actions that help us curb our environmental impact, especially in terms of Greenhouse Gas Emissions (GHG).

Our goal is to mitigate our contribution to climate change and to offer our clients transportation and logistics solutions that are efficient in their use of resources. To this end:

- We constantly renew our fleet and have extensive maintenance programs in place for our power units to be in optimal conditions at all times.
- We streamline the use of state-of-the-art technology in processes, fleet, and warehouses (our own and those we manage for our clients). This includes advanced telemetry systems that allow us to monitor fuel consumption in our power units and the driving habits of our drivers, both of which have a direct and significant impact on fuel efficiency.
- We constantly train our drivers in eco-efficient driving skills and their compensation includes a variable component related to fuel efficiency.
- We monitor the quality of the diesel we use, which allows us to increase efficiency and ensure that engines have good environmental performance.
- We collaborate with suppliers in testing environmentally friendly engines, technologies, and fuels.

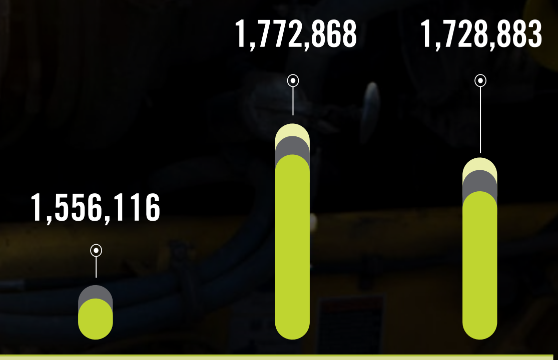
Below we present detailed information on our energy consumption[32] and emissions and on our current initiatives.

FUEL **CONSUMPTION**[33]

(GRI 103-2, 103-3, 302-1, 302-3, 302-4, 302-5) (SASB, TR-RO-110a.1) (TCFD GEN-METRIC.a, GEN-METRIC.c) (TR-ENE-1, TR-ENE-2)

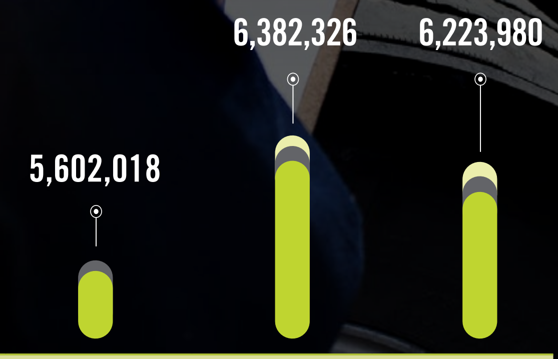
TOTAL FUEL CONSUMPTION	2018	2019	2020
Diesel (liters)	144,883,282	163,674,772	160,636,656
Gasoline (liters)	2,263,000	2,569,000	2,703,332
Natural Gas (cubic meters)[34]	0.00	1,397,467	2,157,160

FUEL CONSUMPTION **(MWh)**



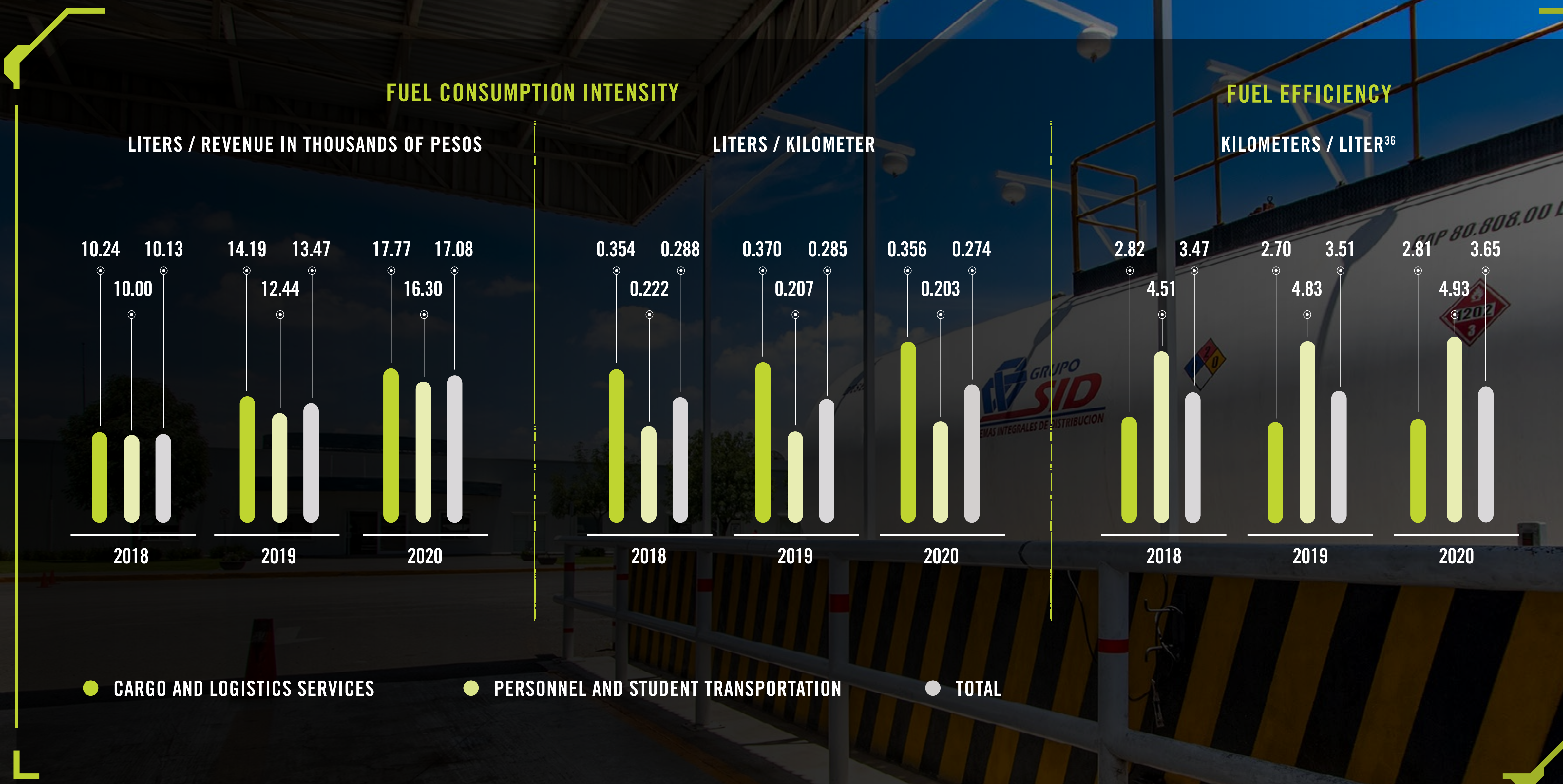
	2018	2019	2020
Diesel	1,534,002	1,732,963	1,681,150
Gasoline	22,114	25,104	24,886
Natural gas	-	14,801	22,847

FUEL CONSUMPTION **(GJ)**[35]



	2018	2019	2020
Diesel	5,522,408	6,238,669	6,052,141
Gasoline	79,610	90,375	89,591
Natural gas	-	53,282	82,248

[32] Electricity consumption data (in kWh) is not available; however, it is not significant given the nature of the company's activities. We are working on obtaining this information.
[33] We do not use fuels sourced from or with renewable components (for example, biofuel) because the tests performed to date have not produced any viable alternatives.
[34] Our suppliers invoice natural gas in equivalent liters; in 2020, one cubic meter (m3) of natural gas represented approximately 1.2473 equivalent liters. In 2019, we purchased 1,743,000 equivalent liters of natural gas and in 2020 we purchased 2,690,533 equivalent liters.
[35] Natural gas represents 1.32% of our energy consumption; in 2019, it was 0.83%, and in 2018, it was 0%.



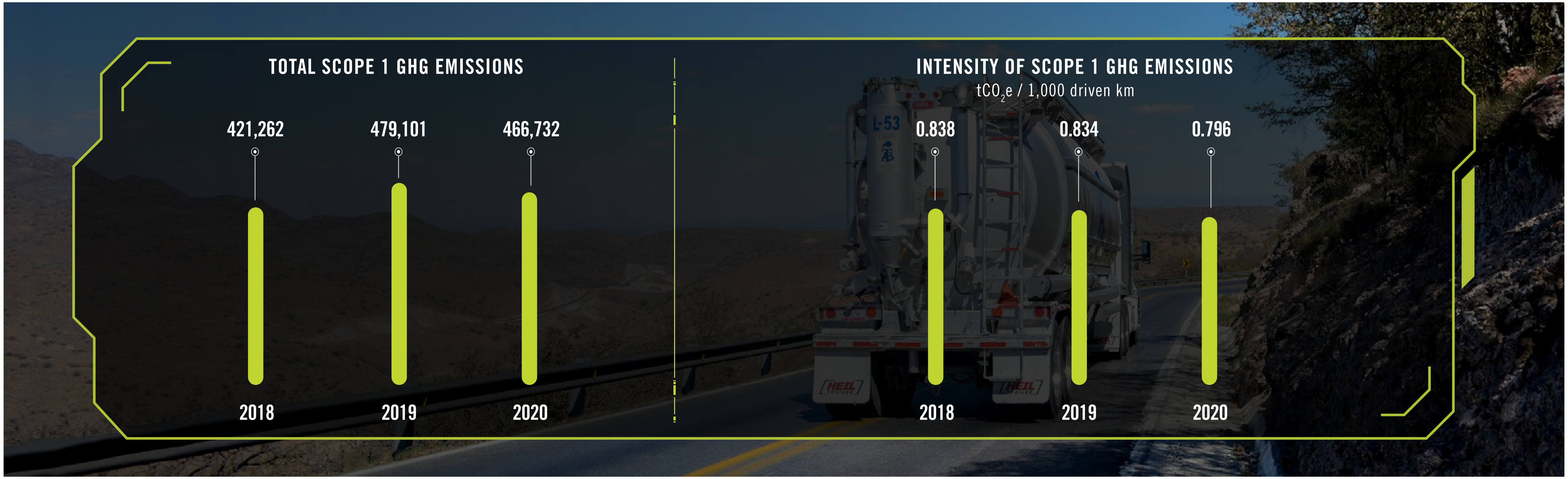
[36] Our performance and intensity indicators are focused on diesel consumption, as it represents between 97% and 98% of our total energy consumption. Likewise, our efficiency strategies are focused on the consumption of this fuel.

EMISSIONS

(GRI 103-2, 103-3, 305-1, 305-2, 305-4, 305-5,) (SASB, TR-RO-110a.2, TR-RO-110a.3, TR-RO-120a.1) (TCFD GEN-METRIC.a, GEN-METRIC.b, GEN-METRIC.c) (TR-GHG-1, TR-GHG-2)

The estimated Scope 1 GHG emissions for 2020 include fuel consumption in mobile sources (diesel, gasoline, and natural gas), which represents the great majority of the energy we use.

We are working to fulfill our emissions inventory. To this end, we developed our own calculator to estimate the Group's GHG emissions. As part of our improved estimation methodologies, emissions levels in this report are slightly different from those included in last year's report[37].



[37] Additionally, the 2019 Integrated Report included emissions produced from electricity consumption for the first time; these emissions represented 0.57% of fuel consumption-related emissions.

INITIATIVES

(GRI 103-2, 103-3)
(SASB TR-RO-000.B)

Our strategy to improve our energy consumption efficiency, particularly fuel, and to reduce GHG emissions comprises several Group-wide and business unit initiatives.

USE OF RENEWABLE ENERGY

In our rest stations in the Northern part of the country, air conditioning is critical because of the high temperatures. We implement a comprehensive system that replaces the trailer trucks´ fuel-powered air conditioning, with external air conditioning systems that run on electricity partially sourced from solar panels.

This system is already running at our yard in Engoba, Nuevo Laredo, in the state of Tamaulipas. In 2020, we generated 163,680 kWh, which represents a reduction of 900,000 liters of fuel consumed, which, in turn, is equal to 3,000 equivalent tons of CO_2 emissions; furthermore, our cost of operation was $7.35 million pesos, representing savings of $11.34 million pesos.

CONSUMPTION EFFICIENCY

We provide regular maintenance to our fleet in order to ensure that all our units operate under the best conditions, both in terms of safety and of fuel efficiency. Also, we have implemented a strategy to replace our tractor trucks before they have driven one million kilometers, or after 5 years.

Likewise, we renew tires[38], use special additives to improve fuel efficiency, and modify our trucks with aerodynamic features to reduce weight and use less fuel.

[38] More information on this has been included in the section entitled Other Environmental Indicators.

We continue to perform fuel tests to increase the energy-efficiency in engines, in collaboration with our suppliers.

Furthermore, in 2020, we worked on initiatives to achieve our “zero kilometers of empty backhaul” goal, which we established in 2019 for the cargo segment. Our load factor–the ratio between non-empty kilometers and total kilometers driven–for 2020 was 96.3%.

In terms of people transportation, logistics services, and last mile transportation, we promote route optimization.

We offer training in eco-efficient driving across all our business segments. This effort is complemented by detecting and harnessing driving improvement opportunities among our drivers, which we identify through telemetry systems, and by a variable compensation framework based on fuel efficiency data. In this way, we lessen mechanical wear, we achieve better fuel efficiency, and we reduce emissions.

FUEL SUBSTITUTION

In 2020, we continued to favor using natural gas as an alternative fuel with less GHG emissions; this year, we used 1,746,968 m3 of natural gas in our own units and 410,194 m^3 in the units we leased in order to meet the increase in demand.[39] With an investment of approximately $350 million pesos in 2019 to purchase our 100 natural gas-powered units, with a 7-year amortization and a 20-year average lifespan, our annualized investment for 2020 was $50 million pesos, that resulted in savings of $7.17 million pesos.

EMISSIONS OFFSET

In addition to our GHG emissions reduction initiatives, we strive to offset those emissions we do continue to produce, for which we are assessing several projects that issue carbon credits certificates.

In 2018, we rehabilitated eroded soil in the Mixtec region of Oaxaca by contributing to the development of a plant nursery; this project captured 792 tons of carbon in 2020.

MANAGEMENT RESULTS

We are currently developing an indicator-based sustainability management system, which will reinforce our monitoring of environmental aspects. As part of this effort, we will be able to include our Scope 2 emissions in our management by measuring our consumption of electricity.

By implementing a variety of initiatives, several of our business units have been awarded, since 2017, with the Transporte Limpio (Clean Transportation) recognition issued by the Mexican Ministry of the Environment and Natural Resources (Secretaría de Medio Ambiente y Recursos Naturales, SEMARNAT)[40]. We are working on having other business units participate in this voluntary program.

[39] The natural gas used in the leased units was purchased directly by Traxión, meaning that this consumption is included within the Scope 1 emissions reported herein.

[40] Reports and recognitions are generally awarded by SEMARNAT during the month of May of the year following the achievement. Therefore, if the results for 2020 are not available by the publication date of this report, they will be published on the Group's website as soon as we obtain them.

INVESTMENT IN ECO-EFFICIENT TECHNOLOGIES

(GRI 103-2, 103-3, 203-1) (TCFD TR-RISK-1, TR-RISK-2, TR-RISK-3)

In 2020, we invested $801 million pesos to purchase 517 tractor trucks and buses fitted with Euro V engines, designed with best-in-class technologies in terms of efficiency and emissions reductions.

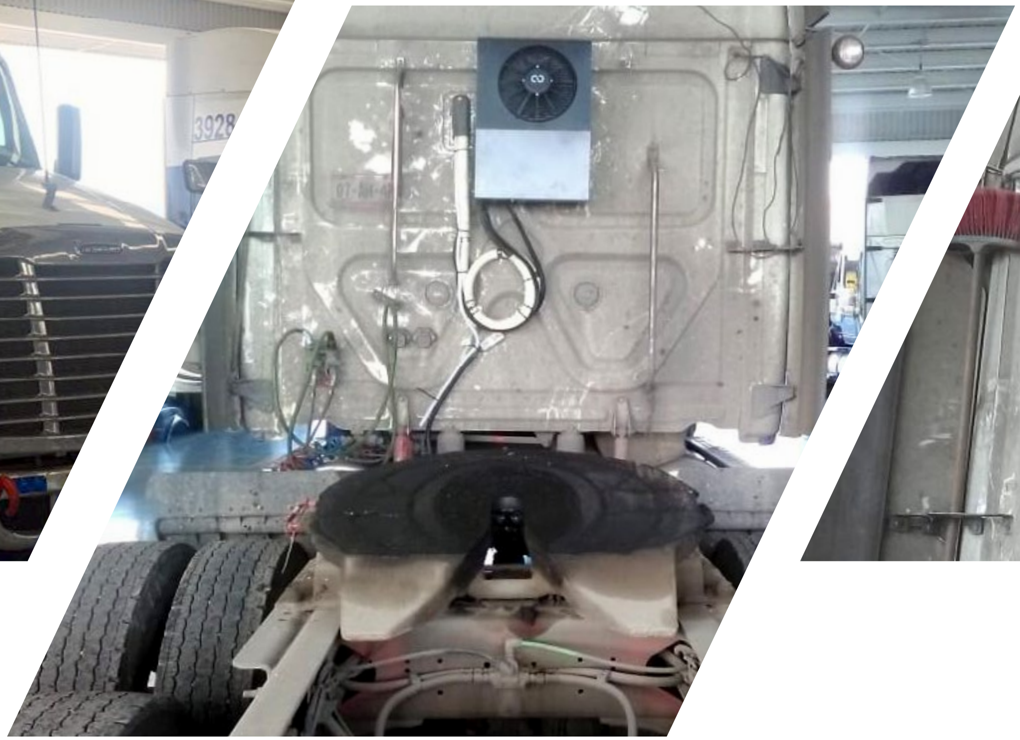
During 2019, fuel quality control was achieved mainly through supplier selection; in 2020, we improved our control by testing and implementing a system that filters fuel and monitors its quality.

The system enables us to detect impurities in fuel and filter them out and to work with its suppliers to improve fuel quality and, consequently, efficiency.

FILTERING SYSTEM 2020	CARGO
Investment[41] (pesos)	505,166
Filtering stations (units)	3
Filtered volume (million liters)	7.6
Savings (liters)	152,000
Savings (tCO_2e)	430.9
Savings (millions of pesos)	2.3

Over the course of 2019 and 2020, we developed and implemented Traxi, an app that provides safe transportation services for users; it proved useful to transport medical personnel safely during the COVID-19 pandemic. In the coming years, we are planning to offer users of this platform the option to offset the emissions generated by trips. The cost to develop the platform was approximately $800,000 and $1.7 million pesos respectively for 2019 and 2020.

[41] Technology was implemented as a service; the investment was solely for installation costs and maintenance, which means the amortization period is not relevant. Estimated lifespan for the equipment is 15 years.



We continue to leverage telemetry to monitor and optimize driving habits, fuel efficiency, and emissions. Likewise, we use route optimization technologies to determine safe and strategic routes and reduce our empty backhaul in order to promote safe trips and increase fuel efficiency, and, consequently, reduce emissions. In 2020, our investments in these technologies came to $23.8 million pesos in telemetry and $11 million pesos in route optimization and empty backhaul reductions.

During 2020, we tested efficient electric air conditioning units on our tractor trucks; these external units employ the trucks' own batteries reducing the strain on idling engines. This has resulted in efficiency improvements of 6.9%, and in better quality rest for drivers because engine noise is eliminated. This equipment has a 5-year lifespan and return on investment is achieved after 1.5 to 1.9 years, depending on the cost of fuel.

Since mid-2020, we have been collaborating with the Energy and Climate Change research group of the Instituto Tecnológico y de Estudios Superiores de Monterrey (ITESM) on the following initiatives, which are still in the planning phase:

- **Data Mining and Big Data project** to reduce fuel consumption in buses by using the Traxión telemetry databases.
- **Creation of an industry strategy and action plan** to make the use of electric buses for passenger transportation an economically viable option in the short- to mid-term (2-5 years). We plan to achieve this through a consortium of key players in the supply chain (spare parts manufacturers, assemblers, operators) and academia, and by exploiting and leveraging governmental resources.

In addition, for several years now we have been equipping our facilities with eco-technologies to generate savings mainly in our consumption of electricity. In one of our main loading docks, in Querétaro, we installed solar panels to power the lights in the common areas.

OTHER ENVIRONMENTAL INDICATORS

(GRI 306-1, 306-2, 306-3, 306-4, 306-5)

(SASB TR-RO-540a.2)

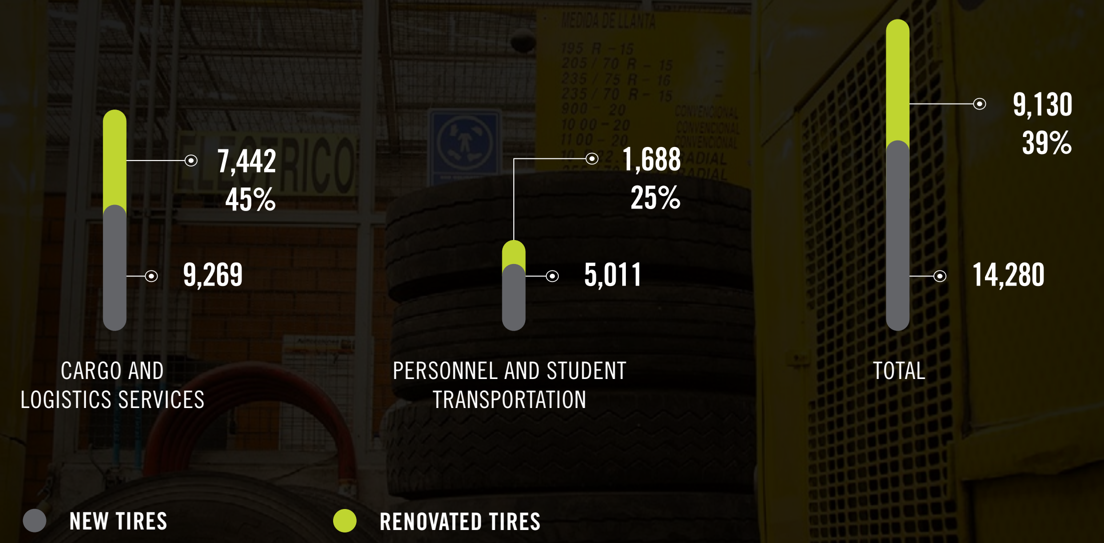
Our main environmental impacts are related to fuel consumption and the corresponding GHG emissions, which is why we focus our main efforts on this. In terms of other environment-related topics, such as electric power, water, and waste, we adhere to all applicable regulation, and we are working on improving the way we manage them.

Tires are one of our main inputs, as they allow us to safely transport people and our customers' merchandise to their destination. However, because of their weight and volume, they are also among our main waste.

The tire renewal factor that we have developed varies depending on how each vehicle is used, the segment it serves, and the state of the roads on which it travels. Currently, this factor is between 1 and 2 renewals for each new tire. Whenever it is safe and operationally feasible, we reuse our worn tires.

In this way, we limit our production of waste and promote circularity. In 2020, we reused 9,130 tires in our activities, or 39% of the total number of tires we used, an increase compared to 37% in 2019.

TIRE CONSUMPTION AND REUTILIZATION



When renovation is not an option, we deliver our used tires to our tire suppliers who in turn dispose of them in a controlled manner through government-approved service providers[42].

[42] In Mexico, these suppliers generally deliver the tires to cement companies which use them as fuel in co-generation processes.

Moreover, several of our business units rely on other circularity measures with certain used spare parts, such as batteries or the larger engine components, which we deliver to suppliers for recycling.

Hazardous waste (such as waste oil, batteries, and impregnated rags) is disposed of in adherence to the law through service providers authorized by the corresponding authorities who issue tracking documents which allow us to trace their disposal. In the case of waste oil, certain suppliers facilitate their recycling.

BUSINESS UNITS	WASTE GENERATED[43] (t)	REUSED / RECYCLED (%)	LANDFILL (%)
Bisonte	78.49	98%	2%
Egoba	41.62	-	-
LIPU	178.50	77%	23%
MyM	50.29	26%	74%
SID Carga	27.30	55%	45%
SID Almacenes	35.75	54%	46%
TOTAL	**411.95**	**71%[44]**	**29%[44]**

As an added benefit of the preventive maintenance of our units and the strict control we have of our drivers' driving habits, there were no significant spills of chemical substances this year.

Although our operations do not rely heavily on water, we work to foster its reuse. In two of our facilities, we have wastewater treatment plants that allow us to reuse the water we employ to wash our trucks and containers, to irrigate our green areas.

We are working to improve the automation of data related to the extraction and discharge of the water we use[45]. In an early trial we conducted in 2020, we consolidated water extraction data for 97% of our facilities; in this sample, 92% of the water comes from the municipal network, 6% is delivered by authorized water trucks, and the remaining 2% is extracted from wells. In terms of discharge data, the trial surveyed 85% of our facilities; for this group, 97% of water is discharged to the municipal network, 2% is handled by third-party suppliers, and 1% is reused on-site.

[43] Waste information covers 77% of our activities, calculated on the basis of income. This percentage is an early approximation, which mainly includes hazardous waste; it will be complemented in the future to include all the Group's activities.
[44] Does not include Egoba.
[45] The data shown correspond to 2020. The scope does not correspond to 100% of our facilities because we are still working on how to manage information for leased facilities.

moving with EMPATHY

TO SUPPORT THE PEOPLE AROUND US

+3.5 MDP
in social contributions

+14,500 km driven
to transport medical personnel

We created the **Traxión Foundation in order to institutionalize our social investment and maximize its impact.** Supported on solid governance practices, the foundation centers on social mobility, logistic support, and the environment, all in collaboration with specialized partners in a diversity of programs.

It is founded on the company's prior commitment to the families of our employees and the communities.

It is an integral part of the way in which we understand our operation in terms of being a good neighbor and contributing to development by addressing fundamental needs; it is complemented with the positive social impact of our services that facilitate the mobility of people, transportation, and the availability of products.

FOUNDATION TRAXIÓN

Aware of the positive impact we can generate in society by leveraging our operational capabilities, every year we undertake a variety of initiatives. **In 2020, we created the Traxión Foundation**, with the purpose of institutionalizing our corporate social responsibility efforts and maximizing their impact.

- **MISSION:**
  To contribute to the social development of Mexico by using our infrastructure and human capital; committed to the community, education, and sustainable development.

- **VISION:**
  To lead and become a benchmark in mobility and social logistics programs aimed at improving quality of life for people.

The Foundation has a **Board of Directors**, established in order to guarantee that its programs are aligned with the company's activities and that we use resources that are available to us in a correct manner. This enables us to create value for Traxión, in terms of its social investment, and for the target groups.

The Board has the following structure:

NAME	ROLE IN THE TRAXIÓN FOUNDATION MANAGING BOARD	ROLE IN TRAXIÓN GROUP
Bernardo Lijtszain Bimstein	Chairman	Chairman of the Board of Directors
Aby Lijtszain Chernizky	Member	Executive President and Member of the Board of Directors
Marcos Metta Cohen	Member	Independent Member of the Board of Directors
Elias Dana Roffe	Member	General Manger of the Personnel and Student Transportation Segment
Alejandra Méndez Salorio	Secretary	Director of Communications and Institutional Relations

STRATEGIC PILLARS

The work expected of the Traxión Foundation has been structured over three strategic pillars which are in turn related to the UN Sustainable Development Goals[46].

STRATEGIC PILLAR	DESCRIPTION	SDG	SDG TARGETS[47]
SOCIAL MOBILITY Mobility in AXION	Contribute to the development of vulnerable groups, especially children and youth; committed to education as a generator of opportunities	4 QUALITY EDUCATION 10 REDUCED INEQUALITIES	4.1, 4.2, 4.3, 4.4, 4.5, 4.7, 4.8,10.2, 10.3
SOCIAL LOGISTICS Logistics AXION	Facilitate the transportation of products and people for social assistance projects, especially in emergency situations, such as natural disasters.	1 NO POVERTY 11 SUSTAINABLE CITIES AND COMMUNITIES	1.5, 11.1, 11.2
ENVIRONMENT Green AXION	Complement and leverage Traxión's efforts to reduce and mitigate our environmental impact.	13 CLIMATE ACTION 15 LIFE ON LAND	13.1, 13.3, 15.2

[46]Traxión's contribution to the SDGs, as a company, is described in the chapter entitled We Are Traxión.
[47]For more information about the targets for each SDG, see: https://www.un.org/sustainabledevelopment/.

In 2020, the Foundation started implementing its first efforts within the framework of the strategic pillars described above. It is worth noting that the company had already been developing a series of initiatives, which will become part of Traxión Foundation's efforts.

TRAXIÓN'S SOCIAL CONTRIBUTIONS	TOTAL AMOUNT (MXN)
Cash	$1,422,470
In kind: donation of products or services, projects/partnerships, or other similar efforts	$1,007,167
For management purposes	$1,125,000

Currently, the Foundation's Board of Directors is in the process of assessing and approving the actions and objectives that will integrate each of the strategic pillars, which will be included in our 2021 report.

DESCRIPTION OF **OUR EFFORTS**

(GRI 102-12)

Logistics
AXION

This year, **the Traxión Foundation and our MyM business unit** participated for the first time in Fundación Azteca's Juguetón campaign, an effort to raise awareness of social inequality and promote participation[48].

In this way, **we supported the donation and delivery of toys to children** on the "Día de Reyes" traditional Mexican festivity. During the 2020 edition, we drove 3,576 km to collect and deliver more than 70,000 toys, 48,000 items of clothing and shoes, and 48 pallets filled with chocolate bars to children in different communities in four states: Mexico City, Estado de México, Querétaro, and Tlaxcala.

+70,000

TOYS DELIVERED IN THE 2020 EDITION OF JUGUETÓN

[48] Fundación Azteca has carried out its Juguetón campaign for 25 years and has delivered more than 235 million toys to children across the country.

In 2020, we also leveraged our fleet infrastructure and the passenger-management technology we developed at Traxi to safely transport medical personnel at six COVID hospitals during the pandemic in three states, driving a total of 2,236 people for more than 14,500 km.

This support chain would not have been possible without the financial backing provided by Inter Protección, a 100% Mexican insurance brokerage, bonds, and reinsurance company with 40 years' experience in the market.

2,236
MEDICAL PERSONNEL TRANSPORTED

+ 14,500
KILOMETERS DRIVEN

RECLAIMING PUBLIC SPACES

Green AXION

We held our first **Traxión Golf Cup** in November 2019. With the support of Traxión and the participants, we raised the necessary funds to collaborate in the rehabilitation of a public park located in "La Hoja" in Naucalpan, Estado de México, which has the capacity to receive 5,000 people and extends over 20 hectares.

18,000
ENDEMIC TREES PRODUCED

792.3
TONS OF CARBON CAPTURED IN 2020

REFORESTATION OF THE MIXTEC REGION OF OAXACA

In 2018, **we collaborated with Fondo para la Paz in the conservation and rehabilitation of soil of the Mixtec region of Oaxaca**, through the production of 18,000 trees that are endemic to the region, of which 10,500 are timber trees and 7,500 are fruit trees. With this action, more than 21 hectares of eroded soil were reforested, and 792.3 tons of carbon were captured in 2020.

OTHERS
PROGRAMS

In addition to the programs mentioned above and managed by the Traxión Foundation, **in 2020 we fostered education in the communities through different efforts.**

DH BUS

Since 2016, the DH Bus mobile classroom has been touring the Mexican state of Quintana Roo; it offers courses to isolated and vulnerable populations on topics such as human rights, personal finance, and community resilience through endorsed content and recreational tools such as film, theater, and games. This year, in an effort to address the socioeconomic crisis brought about by the pandemic, we added to our workshops the **"Emociónate en casa"** (Get thrilled at home) program, which is focused on managing negative emotions in 12- to 18-year-olds with the purpose of reducing psychosocial damage in the population. The program benefited a total of 32,732 young people.

60,088
PEOPLE BENEFITED IN 2020

216,653
PEOPLE BENEFITED SINCE THE CREATION OF DH BUS

SCHOLARSHIPS PROGRAM

Committed to inclusive education, one of our business units offers a scholarships program to support the children of its employees, through which 973 scholarships were awarded in 2020.

moving with STRATEGY

TO ACCOMPLISH THE BEST RESULTS

$14,298
millions of pesos
in consolidated revenue

$3,018
millions of pesos
of EBITDA

We delivered outstanding financial and operational results, in such a complex year. This is proof of the resilience of our business model.

Our successful strategy and the trust of our customers helped us deliver our best financial results on record. We have capitalized on the growth of last mile solutions and logistics services focused on serving e-commerce. At the same time, we have diversified our customer base in the cargo segment, and met the growing demand in personnel transportation resulting from the adoption of social distancing protocols.

By prudently executing our investments, we moved forward as the context changed and demand grew. Likewise, we maintained a solid debt profile, with a lower net debt/EBITDA ratio.

Our management and the success of our business model constitute a guarantee for our investors.

FINANCIAL AND OPERATIONAL RESULTS

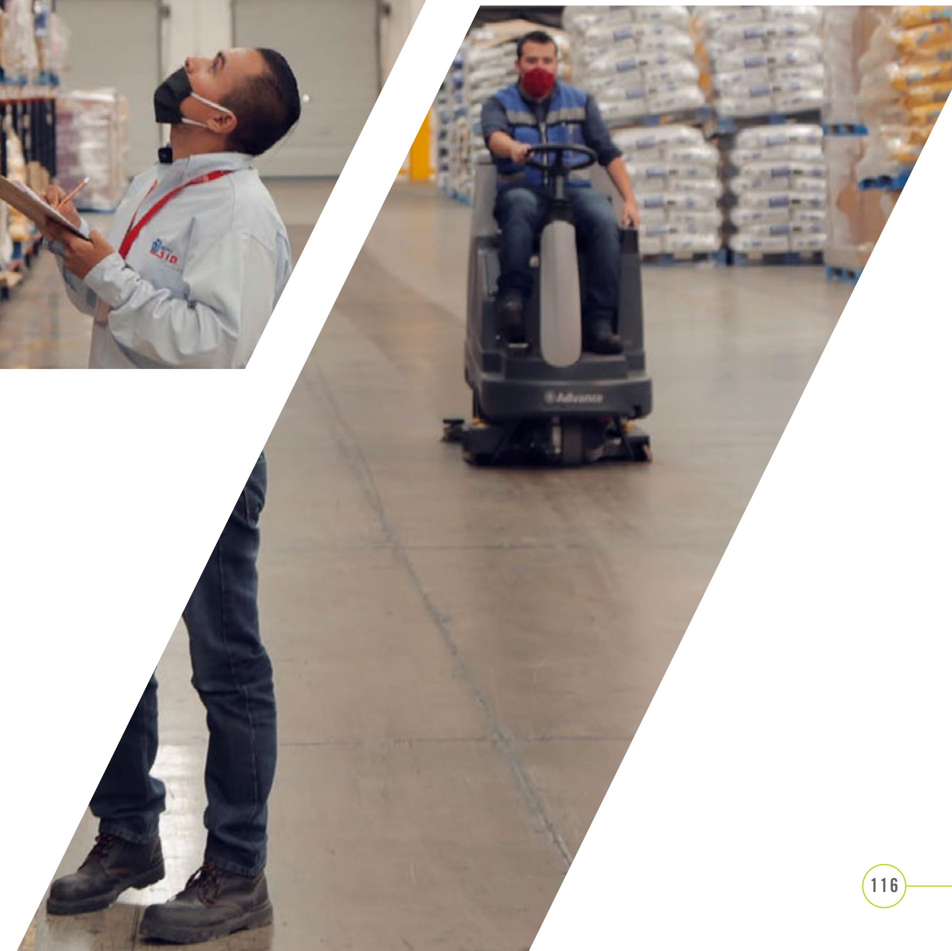
(GRI 102-7, 102-48,)

In such a complex year, our results are proof of the resilience of our business model and of the fact that the path on which the company is evolving is correct:

1. Capitalizing on opportunities in logistics businesses, including serving e-commerce;

2. Developing asset-light models that enable us to increase Traxión's capacity without the need to conduct heavy investments.

OUR FINANCIAL OPERATING RESULTS IN 2020 WERE THE BEST ON RECORD FOR THE COMPANY.



61% OF TRAXIÓN'S REVENUE CAME FROM THE CARGO AND LOGISTICS SERVICES SEGMENT; THE REMAINING 39% CORRESPONDS TO PERSONNEL AND STUDENT TRANSPORTATION.

Consolidated revenue grew 17.6% year-over-year, for a total of $14,298 million pesos, despite the difficulties of the prevailing context.

Revenue from the cargo and logistics segment grew by $1,602 million pesos, a growth of 22.4%. The increase of $1,086 million pesos in revenue from the last mile solutions segment was of paramount importance, representing a 171.5% growth compared to 2019 that was mainly driven by the increase in e-commerce activity. The same is true for the growth in cargo services of $295 million pesos, which constitutes a 5.2% increase. Also relevant was the growth in revenue from warehouse 3PL solutions of $212 million pesos—up 24.8%—resulting from an increase of more than 105,630 m² in warehouse space.

Revenue in the personnel and student transportation segment was up 10.7%. Despite measures implemented as a result of COVID-19 that included school closures and home office standards, in the industrial sector there was greater need to offer workers a safer means of transportation given promote social distancing protocols. This resulted in a significant increase in demand in this segment that was covered by using the fleet that is normally allocated to schools and by leasing units from third-parties.

E-COMMERCE-RELATED REVENUES NOW REPRESENT 12% OF TOTAL REVENUES, A NUMBER THAT IS 4 TIMES HIGHER THAN IT WAS IN 2019.

BOTH REVENUE AND EBITDA ARE 100% HIGHER THAN IN 2017, OUR FIRST YEAR AS A PUBLICLY TRADED COMPANY.

As a result of management efficiencies and economies of scale possibly due to our size, the increase in expenses was only 7.8% compared to 2019.

Accordingly, the total cost-to-revenue ratio was 71.1%, similar to the previous year (71.3%), while consolidated EBITDA was $3,018 million pesos, for an annual growth of 18.0%.

Our ability to capitalize on market opportunities, with strict control over expenses , resulted in a net income of $661 million pesos, 45% more than in 2019.

Net debt was at $4,777 million pesos at year-end 2020—a reduction of $410 million pesos compared to 2019—while the net debt/EBITDA ratio was 1.60x, compared to 2.05x at year-end 2019.

FINANCIAL INDICATORS (M MXN)

	2020	2019	Δ 20-19	2018
Consolidated revenue	14,298	12,154	17.6%	9,403
Cargo and logistics	8,739	7,137	22.4%	5,490
Personnel and student transportation	5,558	5,017	10.8%	3,913
Total costs	10,162	8,662	17.3%	6,587
General expenses	2,394	2,308	3.7%	1,851
Consolidated operating profit	1,682	1,215	38.4%	986
Depreciation and amortization	1,337	1,296	3.1%	702
Non-recurring expenses	-	46	-	97
Consolidated EBITDA	3,018	2,558	18.0%	1,786
EBITDA margin	21.1%	21.0%	10 pb	19.0%
Consolidated net income	661	449	47.3%	442

	2020	2019	Δ 20-19	2018
Earnings per share (pesos)[49]	1.23	0.84	46.5%	0.82

[49] Earnings per share was calculated using a weighted average of outstanding shares, excluding buybacks: 4Q20: 530,632,738 shares; 2020: 537,369,491; and for the 2019 quarters: 4Q19: 533,173,330; 2019: 537,431,806 shares.

In terms of the Group's operational indicators, the upward trend in the number of square meters of warehouse 3PL space was particularly noteworthy, allowing us to meet our customers' growing needs.

We continue to use one of the largest, most modern, and most flexible fleets, backed by great infrastructure. We have 8,357 power-units, of which 65% correspond to personnel and student transportation. Our last mile fleet grew 12.1% and currently includes 693 power-units.

OPERATIONAL INDICATORS[50]				
	2020	2019	Δ 20-19	2018
Kilometers driven (millions)	563.3	551.4	2.2%	439.7
Cargo	248.6	250.1	(0.6)%	189.3
Personnel and student transportation	314.7	301.3	4.4%	250.4
Average fleet (power units)	8,357	8,245	1.4%	6,848
Cargo	2,191	2,191	-	1,543
Personnel and student transportation	5,473	5,364	2%	4,642
Last mile	693	621	12.1%	663
Average revenue per kilometer (MXN/km)	-	46	-	97
Cargo	21.41	22.23	(3.7)%	21.55
Personnel and student transportation	17.66	16.65	6.1%	15.63
Average costs per kilometer[51] (MXN/km)	661	449	47.3%	442
Cargo	15.90	16.20	(1.9)%	15.97
Personnel and student transportation	11.23	11.20	0.3%	10.37

[50] Non-consolidated figures that include inter-companies transactions.
[51] Refers to cost per kilometers driven: salaries, maintenance, net fuel, tolls, and other costs including depreciation and amortization; does not include warehousing costs.

Total costs grew 17.3%, in line with the increase in revenue (17.6%), for a total of $10,162 million pesos at year-end.

Fuel costs, which represent 17.8% of the total, were down because we outsourced services related to logistics channels (as part of the launch of Traxión Logistics under an asset-light framework) and due to a reduction of approximately 7.4% in the general prices of fuel during the year.

Labor costs, which account for 19% of the total, were up because we hired new employees to address the growth in logistics operations and in the personnel and student transportation segment.

The marked 59% increase in facilities, services, and supplies costs was driven by the fact that we serviced our logistics operations and personnel transportation needs not only with our own assets but also with third-party assets (and with our own personnel, which is reflected in our labor costs).

TOTAL COSTS (M MXN)

	2020	2019	Δ 20-19	2018
Fuel	1,812	2,288	(20.8)%	1,733
Labor costs	1,936	1,928	0.42%	1,427
Tolls (highways)	615	554	10.9%	432
Fleet maintenance	696	684	1.6%	574
Facilities, services, and supplies	4,043	2,181	85.4%	1,856
Depreciation and amortization	1,060	1,025	3.4%	565
Total costs	10,162	8,662	17.3%	6,587
% revenue	71.1	71.3	(20) pb	70

CAPEX

As we budgeted our CapEx for 2020, we forecasted a downturn in the Mexican economy, which is why we focused on reducing our leverage and optimizing profitability of our installed capacity in order to increase our future investment capacity. With this, we were able to maintain the necessary CapEx and continued to prioritize the development of disruptive technologies to support the growth of asset-light driven businesses that utilize resources from third parties.

At year-end, our CapEx was $891 million pesos, with 38.8% allocated to the cargo and logistics services segment, and the remaining amount to personnel and student transportation.

SHARE PRICE

(GRI 102-5)

Grupo Traxión is listed on the Mexican Stock Exchange (BMV: TRAXIONA), with 42.7% of the capital stock in free-float. The company's stock capitalization was $8,734 million pesos as of December 31, 2020.

At year-end 2020, share price was $17.39 pesos, with 502,221,094 outstanding shares[52].

On the other hand, we also issued debt in the form of bonds for 2,500 million pesos in the domestic market through Institutional Stock Exchange (Bolsa Institucional de Valores, BIVA).

[52] Does not include the 41,257,167 shares that had been repurchased as of December 31st, 2020.

FINANCIAL AND OPERATIONAL RESULTS BY **BUSINESS SEGMENT**

(GRI 102-48) (SASB TR-RO-000.B, TR-AF-000.B)

CARGO AND **LOGISTICS**

In 2020, revenue from the cargo and logistics segment grew 22.4%, for a total of $8,739 million pesos, or $1,602 million pesos more than in 2019. Of this, 68% corresponds to an increase in revenue from the last mile solutions subsegment—which grew 171.5% with respect to 2019—and to the raise and penetration of e-commerce in the context of the pandemic.

Cargo services contributed $295 million pesos more than in 2019 (+5.2%), driven by our ability to adapt to the changing needs in a diversity of industries over the course of the year. Other sources of growth in the segment were the $212-million-peso increase in 3PL warehouse logistics services (+24.8%), resulting from a 105,630 m^2 growth in warehouse space.

Nonetheless, the increase in costs is in line with the growth in revenue and is related to the expansion of the operatiosn, particularly the escalation in warehouse space. Reductions in costs per kilometer driven and per m2 of warehousing are noteworthy. Operational profitability registered a significant growth, with a 38.9% increase (close to double that of 2018), and a 19.3% growth in EBITDA; with a margin compression of 50 basis points.

CARGO AND LOGISTICS SERVICES SEGMENT - FINANCIAL INDICATORS (M MXN)

	2020	2019	Δ 20-19	2018
Revenue	8,739	7,137	22.4%	5,490
Total costs	6,625	5,286	25.3%	3,994
General expenses[53]	1,355	1,342	1.0%	1,078
Operating profit	864	622	38.9%	499
EBITDA	1,608	1,348	19.3%	950
EBITDA margin	18.4%	18.8%	(50) pb	17.3%

CARGO AND LOGISTICS SERVICES SEGMENT - OPERATIONAL INDICATORS

	2020	2019	Δ 20-19	2018
Load factor - cargo[54]	0.96	-	-	-
Kilometers driven - cargo (millions)	248.6	250.1	(0.6)%	189.3
Average fleet - cargo (power units)	2,191	2,191	-	1,543
Average fleet - last mile[55] (power units)	693	618	12.1%	663
Average fleet age (years)	4.8	4.8	-	5.2
Average revenue per kilometer - cargo (MXN)	21.41	22.23	(3.7)%	21.55
Average costs per kilometer - cargo	15.90	16.20	(1.9)%	15.97
Warehouse space[56] (m^2)	535,855	419,727	24.5%	378,682
Average revenue per sqm (MXN)	174.58	169.89	2.8%	171.99
Average costs per sqm (MXN)	121.66	133.57	(8.9)%	115.97

[53] Includes general expenses and an estimate of doubtful accounts.
[54] We recorded this for the first time in 2020, which is why we have no data for the previous years. Corresponds to the distance driven with cargo vs the total distance driven.
[55] Last mile units include the Redpack fleet which in 2020 included 62 trucks, 440 light trucks, 43 automobiles, and 148 motorcycles.
[56] Annual average.

PERSONNEL AND STUDENT TRANSPORTATION

Revenue from the personnel and student transportation segment grew 10.8%, for a total of $5,558 million pesos. In the context of school closures, the business grew because corporate and industrial customers required more capacity in order to comply with social distancing measures in transporting their employees; additionally, our commercial teams conducted a considerable effort to capture new customers.

We were able to serve this increase in activity by maintaining a stable fleet, with just 37 additional power-units. This was possible because we used the student transportation fleet and leased other power-units from third-parties. The growth in activity resulted in an increase in costs from the larger amounts of fuel used and growth in headcount.

The growth of operations in the segment, in addition to a costs-and-expenses-reductions initiative resulted in a 44.9% growth in operational profit, and 22.8% in EBITDA; EBITDA margin grew 260 basis points.

PERSONNEL AND STUDENT TRANSPORTATION - FINANCIAL INDICATORS (M MXN)

	2020	2019	Δ 20-19	2018
Revenue	5,558	5,017	10.8 %	3,913
Total costs	3,535	3,375	4.7%	2,593
General expenses[57]	1,012	975	3.7%	758
Operating profit	943	651	44.9%	568
EBITDA	1,485	1,209	22.8%	854
EBITDA margin	26.7%	24.1%	260 pb	21.8%

PERSONNEL AND STUDENT TRANSPORTATION SEGMENT- OPERATIONAL INDICATORS

	2020	2019	Δ 20-19	2018
Kilometers driven (millions)	314.7	301.3	4.4%	250.4
Average fleet (power units)	5,473	5,364	2%	4,642
Average fleet age (years)	4.3	4.9	(12.2)%	4.9
Average revenue per kilometer (MXN)	17.66	16.65	6.1%	15.63
Average costs per kilometer (MXN)	11.23	11.20	0.3%	10.37

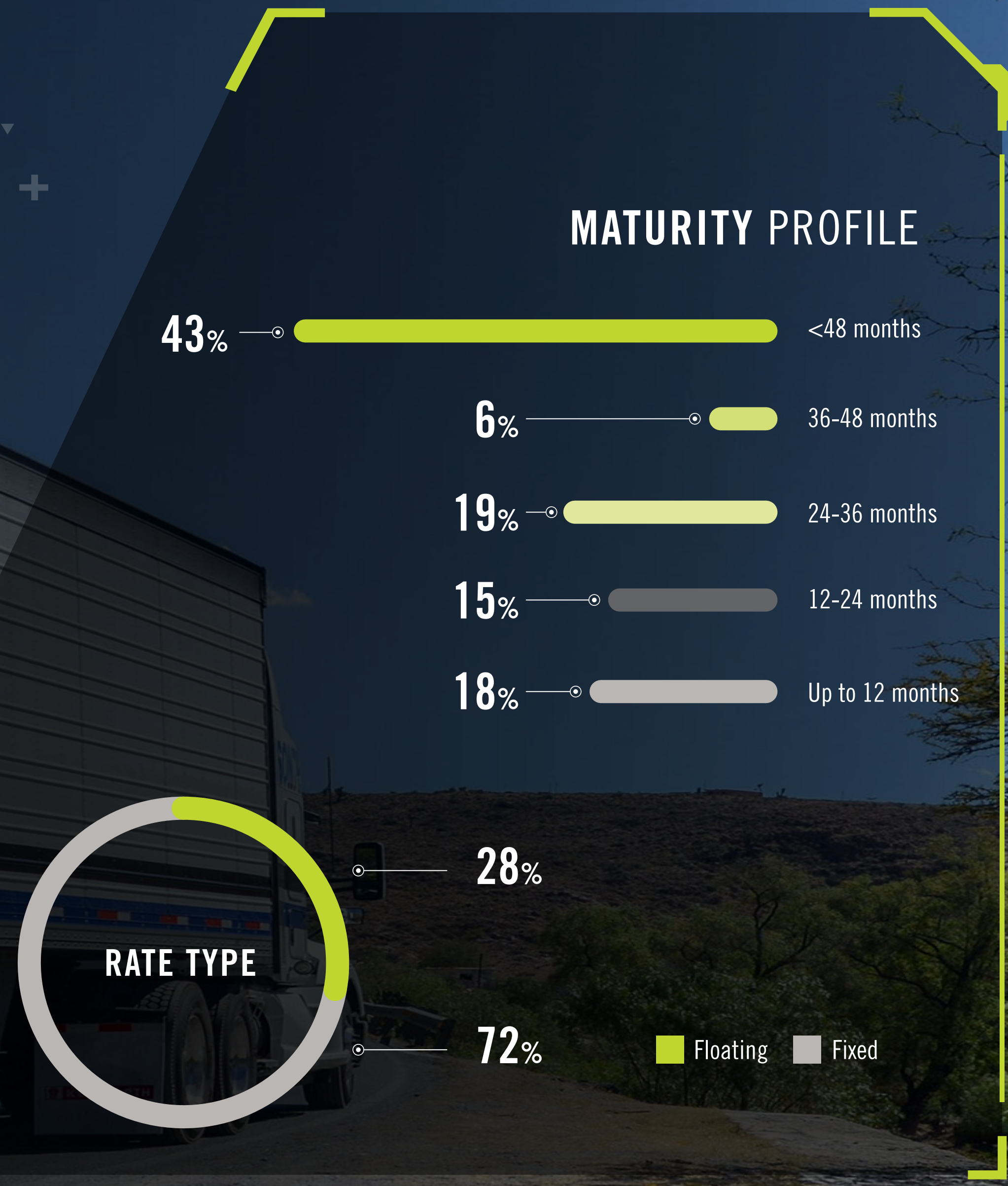
[57] Includes general expenses and estimate of doubtful accounts.

DEBT
PROFILE

As established in our strategy, in 2020 the increase in debt was $733 million pesos, for a net debt/EBITDA ratio at year-end of 1.60x, which is below the 2.05x at year-end 2019.

DEBT BREAKDOWN	2020	2019A	Δ$	Δ%
Short-term debt	1,027	1,307	(280)	(21.4)%
Capitalizable short-term leasing	131	223	(92)	(41.4)%
Long-term debt	4,873	3,478	1,395	40.1%
Capitalizable short-term leasing	470	760	(290)	(38.1)%
Total debt	**6,501**	**5,768**	**733**	**12.7%**
Cash	1,724	581	1,143	196.7%
Net debt	**4,777**	**5,187**	**(410)**	**(7.9)%**

LEVERAGE RATIO	2020
Total debt / EBITDA UDM	2.17x
Net debt / EBITDA UDM	1.60x
Total debt / Stockholders' equity	0.61x



ECONOMIC VALUE DISTRIBUTED

(GRI 102-7, 102-48, 103-2, 103-3, 201-1, 201-4, 415-1)

As a company, we are focused on having a profitable operation, with an adequate balance between revenue and expenses, that is able to capitalize on market opportunities and contributes to innovation and quality in transportation and logistics.

This is how we are able to continue creating value for our stakeholders in different aspects like, for example, employee compensation.

We complement reporting our main financial indicators with details pertaining to economic value generated (revenue), distributed (costs and expenses), and economic value retained. The latter will enable us to continue to create opportunities in the short- and mid-term.

ECONOMIC VALUE GENERATED AND DISTRIBUTED (M MXN)

	2020	2019	Δ 20-19
Economic value generated (EVG)	**14,485,033**	**12,320,216**	**17.6%**
Net income from services	14,297,706	12,154,260	17.6%
Other operational income	126,888	139,036	(8.7)%
Income from interests	60,439	26,920	124.5%
Economic value distributed (EVD)	**12,357,660**	**10,755,787**	**14.9%**
Costs, operating expenses, other expenses (excluding depreciation and amortization)	8,026,794	6,555,935	22.4%
Labor costs	3,379,566	3,225,563	4.8%
Payments to suppliers of capital	635,569	689,445	(7.8)%
Payments to the government	315,731	284,844	10.8%
Economic value retained (EVR)	**2,127,373**	**1,564,429**	**36.0%**

Notes:
Net income from services: Corresponds to consolidated revenue included in the financial highlights section; we also include other complementary operational income and interest income (resulting from investments); as a whole, these constitute the economic value generated.

Payments to suppliers of capital: Interests on debt + costs from delays in dividend payments.

Payments to the government: The sum of all taxes paid by the company (excluding differed taxes).

Payments to the government refer to taxes paid as a result of our activity; it is important to point out that we make no contributions to political parties or representatives.

On the other hand, we allocate $1,517,880 pesos annually to memberships in associations in the cargo sector, in the framework of which we collaborate to address the challenges inherent to our business.

APPENDICES

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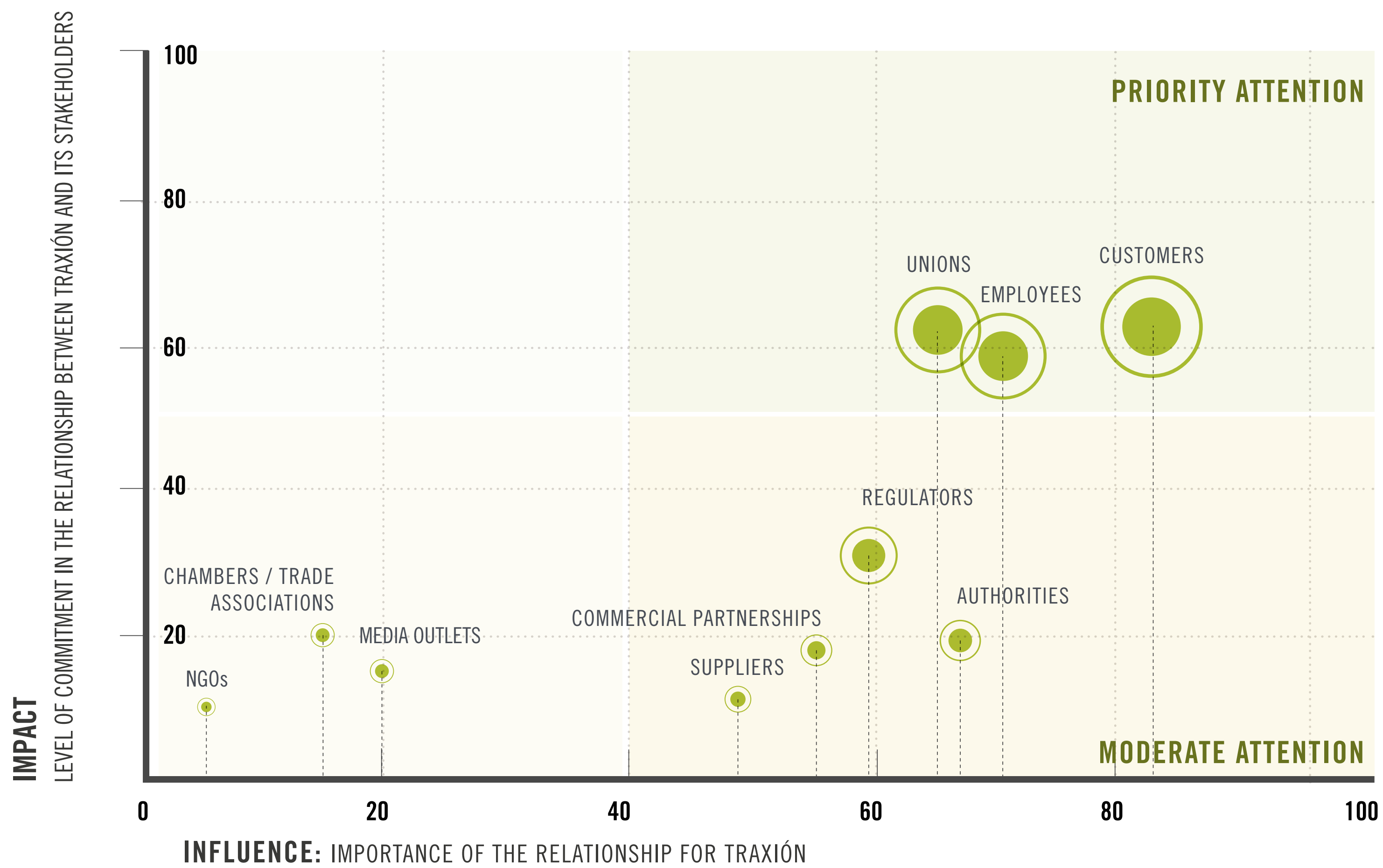
STAKEHOLDER
ENGAGEMENT

(GRI 102-13, 102-21, 102-40, 102-42, 102-43, 102-44, 103-2, 103-3)

For our operation, actively engaging our stakeholders is key to our being able to achieve our business goals and address our impacts.

We define stakeholders as those parties who are impacted by our activities as well as those who have a marked influence in our ability to achieve them.

In 2019, we conducted an extensive exercise to identify and prioritize our stakeholders (see matrix) for which we employed qualitative methodologies that include analyzing and automating media stories, as well as conducting interviews with top management and other key employees.



Our influence and impact assessment showed that we have five priority stakeholders: **employees (including unionized workers), customers, authorities and regulators, commercial partners, and suppliers.** We consulted with all of them in the framework of the materiality process, in addition to maintaining their ongoing communication with different areas in the company[58].

Additionally, the stakeholder study allowed us to design a communication strategy with each of them in order to accommodate their sustainability preferences in a timely manner. For this task, we have several dialogue channels in place that allow us to establish a close bond and reinforce their trust in us.

STAKEHOLDERS	VALUE PROPOSITION FROM THE COMPANY	COMMUNICATION CHANNELS IN TERMS OF SUSTAINABILITY	KEY ISSUES
Employees	We develop programs to ensure their wellbeing, health and safety by minimizing the risks to which they are exposed in performing their daily jobs. We also promote job stability and professional development.	» Integrated report » Work environment surveys » Email/website » Training and workshops » Reporting line	» Work processes » Training and development » Working conditions » Ethics and transparency » Road safety
Customers	We address their cargo and logistics needs, as well as personal mobility, with the highest-quality services. We promote safety in every journey and satisfaction in time and service.	» Meetings » Email/website » Service survey » Integrated report » Reporting line	» Innovación y tecnología » Ética y transparencia » Capacitación y desarrollo » Seguridad vial » Certificaciones » Cumplimiento legal/normativo
Shareholders and Investors	Create long-term economic value, ensuring transparency and accountability based on financial and ESG information that is disclosed in a truthful and timely manner.	» Meetings » Integrated report/quarterly reports » Website (investors + sustainability) » Email/Questionnaires ESG (CSA SAM, CDP, etc.)	» Ethics and transparency » Innovation and technology » Working conditions » Legal/regulatory compliance » Risk management » Environmental investments » Emissions reductions

[58] For Traxión's first materiality analysis, we focused the scope on the operational level of the organization. Our goal was to understand the expectations of those stakeholders whose interactions have an impact on or are impacted by our daily operations (in the mid- and long-term), and left the consultation with our strategic stakeholders—shareholders, investors, and debt suppliers (banks)—for the strategy-development phase. This enabled us to approach our consultations from a more informed perspective, which made for a more efficient communication on our path to the construction of our strategy.

STAKEHOLDERS	VALUE PROPOSITION FROM THE COMPANY	COMMUNICATION CHANNELS IN TERMS OF SUSTAINABILITY	KEY ISSUES
Suppliers	Make progress collectively, promoting the development of innovative products and services that seize the potential of technology. We particularly work on collaborating to reduce our environmental impact, with efficiencies in the use of fuel. In addition, by imposing our ethical requirements, we contribute to advancing good practices in the sector.	» Meetings » Training and workshops » Integrated report » Email/website » Reporting line	» Innovation and technology » Work processes » Training and development » Working conditions » Ethics and transparency » Road safety
Authorities and regulators	Our operations adapt to international best practices, enabling us to exceed the stipulations of federal, state, and municipal laws and maintain a healthy relationship with the corresponding authorities.	» Meetings » Integrated report » Service survey » Email/website » Reporting line	» Road safety » Legal/regulatory compliance » Working conditions

Our partnerships with NGOs, corporate foundations, authorities, academic institutions, and business chambers allow us to increase the scope of our sustainability efforts. Of particular importance this year was our adhesion the United Nations Global Compact and the Green Finances Consulting Council (*Consejo Consultivo de Finanzas Verdes*). At the sector level, we also collaborate with the Mexican Ground Transportation Chamber (Cámara Nacional del Autotransporte de Carga, CANACAR).

MATERIALITY

ANALYSIS

(GRI-102-21, 102-29, 102-31, 102-46, 102-47, 103-1)

The goal of the Materiality Analysis that we conducted in 2019 was to understand which sustainability issues are of critical importance to Traxión and our stakeholders.

As part of the study, we first **identified those issues** that could be potentially relevant, analyzing the main risks and opportunities in personnel and student transportation and cargo and logistics services; additionally, we employed benchmark methodologies in ESG issues, such as the information requirements of SAM Corporate Sustainability Assessment (CSA) questionnaire.

Afterwards, we **prioritized** how these issues affect our main stakeholders (employees, customers, regulators, commercial partners, and suppliers) by means of an electronic survey. We also surveyed the company's senior management in order to better understand internal insights into these issues. By integrating both perspectives, we developed a double axis matrix and determined our **material topics.**

TRAXIÓN MATERIALITY MATRIX

LEVEL OF ATTENTION REQUIRED FROM TRAXIÓN: LOW | LOW-MEDIUM | MEDIUM | MIDDLE- HIGH | HIGH

The five main material topics were internally validated by our Executive President and the Corporate Practices Committee.

MATERIAL TOPICS:

- **Innovation and Technology** (includes IT systems)
- **Work Processes**
- **Training and Development**
- **Ethics and Transparency**
- **Labor Conditions**

We also identified other relevant topics that are either trending worldwide or represent key issues for our operation and functioning, as follows:

- **Road Safety**
- **Emissions Reductions and Waste Management**
- **Environmental Investments**
- **Investments in Assets with Sustainable Attributes**
- **Risk Management**
- **Legal/Regulatory Compliance**
- **Certifications and/or Patents**
- **Government Relations**
- **Labor Conditions**

The material topics and the complementary relevant topics were the basis for developing our **Sustainability Strategy.** This year we developed a scorecard with a series of indicators that will be implemented in 2021 and will enable us to regularly monitor progress.

Additionally, for the first time in 2020, we voluntarily answered SAM S&P's Corporate Sustainability Assessment (CSA), and received feedback from the rating agency. We also carried out an internal exercise to respond to the climate change questionnaire of the CDP. Both initiatives have enabled us to establish a baseline for our ESG performance, identify improvement opportunities in our Sustainability Strategy, and develop its corresponding scorecard.

CERTIFICATIONS

(GRI 103-2, 103-3)

Our operations are recognized for the constant pursuit of excellence and sustainability by employing integrated and profitable processes that create value for the environment and society as a whole, exceeding basic compliance with applicable regulations.

We periodically subject our business units to assessments by external auditors, which helps us identify opportunities for improvement and reinforce the efficiency of our company's systems and processes. Our certifications provide a competitive advantage, as well as assurance to our customers and investors that we abide by international operational standards.

BUSINESS UNIT	CERTIFICATION NAME	EXPIRATION DATE
	ISO 39001:2012	2023
	ISO 9001:2015	2023
	C-TPAT (Customs-Trade Partnership Against Terrorism)	2021
	OEA (Authorized Economic Operator)	2021
	C-TPAT (Customs-Trade Partnership Against Terrorism)	2021
	Certified to carry out vehicular verification of trailer-trucks (SCT)	2023
egoba	ISO 9001:2015	2021
	OEA (Authorized Economic Operator)	2021
	C-TPAT (Customs-Trade Partnership Against Terrorism)	2021
	Certified to carry out vehicular verification of trailer-trucks (SCT)	2023
LIPU TRANSPORTE SEGURO	ISO 9001:2015	2021
	ISO 9001:2015	2022
	C-TPAT (Customs-Trade Partnership Against Terrorism)	2022
	FIDI-FAIM	2022
	LACMA	2022
REDPACK	ISO 27001:2013	2023
GRUPO SID	C-TPAT (Customs-Trade Partnership Against Terrorism)	2021

RECOGNITIONS

BUSINESS UNIT	NAME OF THE RECOGNITION	EXPIRATION DATE
FN	Transporte Limpio (Clean Transportation) --SEMARNAT	2020
	CRM (Cargo Risk Management)	2020
	CANACAR - Transporting the country, Transporting Mexico	2020
	Súper Empresa Expansión 2020 TOP Companies	2021
	Súper Empresa Expansión 2020 TOP Companies	2021
egoba	Transporte Limpio (Clean Transportation) --SEMARNAT	2020
	CRM (Cargo Risk Management)	2020
	Súper Empresa Expansión 2020 TOP Companies	2021
	SMETA	2020
LIPU TRANSPORTE SEGURO	Súper Empresa Expansión 2020 TOP Companies	2021
	ESR - Empresa Socialmente Responsable (Socially Responsible Company)	2021
	Guanajuato Sano Award (Healthy Guanajuato) --Reincorporation in Work Centers	2021
	Transporte Limpio (Clean Transportation) --SEMARNAT	Participación 2020
GRUPO SID	Transporte Limpio (Clean Transportation) --SEMARNAT (cargo segment)	2020
	Súper Empresa Expansión 2020 TOP Companies (warehouse segment)	2021
	Compliance with COVID Measures by ISEM (warehouse segment)	2021
	Súper Empresa Expansión 2020 TOP Companies (cargo segment)	2021
	SMETA (cargo segment)	2022
TRAXION TRANSPORTE DE CARGA	Transportation Awards 2019 (T21): Sustainability	2019
	Transportation Awards 2020 (T21): Innovation	2020

GRI CONTENT INDEX

(GRI 102-55)

GRI STANDARD 102: GENERAL DISCLOSURES 2016			
SECTION	GRI INDEX	PAGE/LINK	SDGs AND TARGETS
Company Overview	102-1	Grupo Traxión	
	102-2	23, 130	
	102-3	197	
	102-4	23, 130	
	102-5	122	
	102-6	23, 130	
	102-7	6, 7, 116, 128	
	102-8	55	8.5, 10.3
	102-9	89	
	102-10	23, 89, 130	
	102-11	42	
	102-12	5, 28, 32, 110	
	102-13	5, 28, 130	
Strategy	102-14	15	
	102-15	15, 42	
Ethics & integrity	102-16	19, 48	16.3
	102-17	48	16.3
Governance	102-18	37	
	102-19	37	
	102-20	5, 28, 37	
	102-21	130, 133	16.7
	102-22	5, 28, 37	5.5, 16.7
	102-23	37	16.6
	102-24	37	
	102-25	48	
	102-26	37	
	102-27	37	

GRI STANDARD 102: GENERAL DISCLOSURES 2016			
SECTION	GRI INDEX	PAGE/LINK	SDGs AND TARGETS
	102-28	39	
	102-29	42, 133	
	102-30	42	
	102-31	42, 133	
	102-32	4	
	102-33	37	
	102-34	49	
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	102-36	37	
	102-37	37	
Stakeholder Engagement	102-40	130	
	102-41	55	
	102-42	130	
	102-43	130	
	102-44	130	
Reporting Practices	102-45	147	
	102-46	133	
	102-47	133	
	102-48	116, 123, 128	
	102-49	4	
	102-50	4	
	102-51	4	
	102-52	4	
	102-53	197	
	102-54	4	
	102-55	138	
	102-56	4	

Note: The relationship between the GRI Index and the SDGs and their targets was carried out by integrating the Reporting Reference on the SDGs: An analysis of the goals and targets, and the analysis of the strategic contribution to the SDGs carried out by Traxión.

GRI CONTENT INDEX

GRI CONTENT BY MATERIAL TOPIC

MATERIAL TOPIC	GRI STANDARD	GRI CONTENT	PAGE/LINK	SDGs AND TARGETS
Training and Development	103 - Management Approach (2016)	103-1	133	
		103-2	61	
		103-3	61	
	404 - Training and Education (2016)	404-1	61, 68	4.3, 4.4, 4.5, 10.3
		404-2	61, 68	4.3, 4.4, 4.5, 10.4
		404-3	61, 68	10.3
Work Processes	103 - Management Approach (2016)	103-1	133	8.2, 8.3, 9.4
		103-2	79	8.2, 8.3, 9.4
		103-3	79	8.2, 8.3, 9.4
Ethics and Transparency	103 - Management Approach (2016)	103-1	133	
		103-2	48	
		103-3	48	
	205 - Anti-corruption (2016)	205-1	48	16.3, 16.5
		205-2	48	16.3, 16.5
		205-3	48	16.3, 16.5
	406 - Non-discrimination (2016)	406-1	48 ,70	5.1, 8.8
	412 - Human Rights Assess-ment (2016)	412-1	48, 51	
		412-2	48, 51	
Working Conditions	103 - Management Approach (2016)	103-1	133	
		103-2	55	
		103-3	55	
	202 - Market Presence (2016)	202-2	55	
	401 - Employment (2016)	401-1	59	5.1, 8.5, 8.6, 8.7, 8.8, 10.2, 10.3
		401-2	61, 68	
		401-3	68	

GRI CONTENT BY MATERIAL TOPIC

MATERIAL TOPIC	GRI STANDARD	GRI CONTENT	PAGE/LINK	SDGs AND TARGETS
	405 - Diversity and Equal Opportunity (2016)	405-1	37, 55	5.1, 8.5, 8.6, 8.7, 8.8, 10.2, 10.3
	407 - Freedom of Association and Collective Bargaining (2016)	407-1	55	
	408 - Child Labor (2016)	408-1	50	
	409 - Forced or Compulsory Labor (2016)	409-1	55	8.7,8.8, 16.3
Innovation and Technology	103 - Management Approach (2016)	103-1	133	8.2, 8.3, 9.1, 9.2, 9.4, 11.2, 11.3
		103-2	79, 82	8.2, 8.3, 9.1, 9.2, 9.4, 11.2, 11.3
		103-3	79, 82	8.2, 8.3, 9.1, 9.2, 9.4, 11.2, 11.3
Business Culture	103 - Management Approach (2016)	103-1	133	8.8
		103-2	19, 70	8.8
		103-3	19, 70	8.8
IT Systems	103 - Management Approach (2016)	103-1	133	8.2, 9.5
		103-2	82	8.2, 9.5
		103-3	82	8.2, 9.5
Risk Management	103 - Management Approach (2016)	103-1	133	16.3
		103-2	8, 42, 45, 79, 86	16.3
		103-3	8, 42, 45, 79, 86	16.3
	418 - Customer Privacy (2016)	418-1	86	16.3
	201 - Economic Performance (2016)	201-1	128	
		201-2	46	
		201-4	128	
Road Safety	103 - Management Approach (2016)	103-1	133	
		103-2	64	
		103-3	64	
	403 - Occupational Health and Safety (2018)	403-1	64	3.6, 3.8, 8.8, 16.6
		403-2	64	3.6, 3.8, 8.8, 16.6

GRI CONTENT BY MATERIAL TOPIC

MATERIAL TOPIC	GRI STANDARD	GRI CONTENT	PAGE/LINK	SDGs AND TARGETS
Road Safety	403 - Occupational Health and Safety (2018)	403-3	64	3.6, 3.8, 8.8, 16.6
		403-4	64	3.6, 3.8, 8.8, 16.6
		403-5	64	3.6, 3.8, 8.8, 16.6
		403-6	64	3.6, 3.8, 8.8, 16.6
		403-7	64	3.6, 3.8, 8.8, 16.6
		403-8	64	3.6, 3.8, 8.8, 16.6
		403-9	64	3.6, 3.8, 8.8, 16.6
		403-10	64	3.6, 3.8, 8.8, 16.6
	416 - Customer Health and Safety (2016)	416-1	64	
Legal/Regulatory Compliance	103 - Management Approach (2016)	103-1	133	
		103-2	48	
		103-3	48	
	206 - Anticompetitive Behavior (2016)	206-1	48	
	307 - Environmental Compliance (2016)	307-1	48	
	418 - Customer Privacy (2016)	418-1	86	
	419 - Socioeconomic Compliance (2016)	419-1	48	
Certifications and/or Patents	103 - Management Approach (2016)	103-1	133	9.1, 9.5, 11.2
		103-2	136	9.1, 9.5, 11.3
		103-3	136	9.1, 9.5, 11.4
Environmental Investments	103 - Management Approach (2016)	103-1	133	7.2, 9.1, 9.4, 9.5, 11.2, 12.7
		103-2	97, 100	7.2, 9.1, 9.4, 9.5, 11.2, 12.7
		103-3	97, 100	7.2, 9.1, 9.4, 9.5, 11.2, 12.7
Emissions Reductions and Waste Management	103 - Management Approach (2016)	103-1	133	
		103-2	94, 96, 97	
		103-3	94, 96, 97	
	302 - Energy (2016)	302-1	94	7.2, 7.3, 8.4, 13.1
		302-3	94	7.2, 7.3, 8.4, 13.1
		302-4	94	7.2, 7.3, 8.4, 13.1
		302-5	94	7.2, 7.3, 8.4, 13.1

GRI CONTENT BY MATERIAL TOPIC

MATERIAL TOPIC	GRI STANDARD	GRI CONTENT	PAGE/LINK	SDGs AND TARGETS
Emissions Reductions and Waste Management	305 - Emissions (2016)	305-1	96	7.2, 7.3, 8.4, 13.1
		305-2	96	7.2, 7.3, 8.4, 13.1
		305-4	96	7.2, 7.3, 8.4, 13.1
		305-5	96, 97	7.2, 7.3, 8.4, 13.1
	306 - Waste (2020)	306-1	103	12.4, 12.5
		306-2	103	12.4, 12.5
		306-3	103	12.4, 12.5
		306-4	103	12.4, 12.5
		306-5	103	12.4, 12.5
Government Relations	102 - General Disclosures (2016)	102-12	5, 28, 33, 110	
		102-13	5, 28, 130	
		102-21	130, 133	
		102-42	130	
		102-43	130	
		102-44	130	
	103 - Management Approach (2016)	103-1	133	
		103-2	128, 130	
		103-3	128, 130	
	415 - Public Policy	415-1	48, 128	16.5, 16.6
Investments in Assets with Sustainable Attributes	103 - Management Approach (2016)	103-1	133	
		103-2	100	
		103-3	100	
	203 - Indirect Economic Impacts (2016)	203-1	82, 100	8.2, 8.3, 9.1, 9.4, 11.2
		203-2	19	
	308 - Supplier Environmental Assessment (2016)	308-1	89	
		308-2	89	
	414 - Supplier Social Assessment (2016)	414-2	48	8.2, 8.3, 9.1, 9.4, 11.2

Note: The relationship between the GRI Index and the SDGs and targets was carried out by integrating the Reporting reference on the SDGs: An analysis of the goals and targets, and the analysis of the strategic contribution to the SDGs carried out by Traxión.

SASB METRICS INDEX

ROAD TRANSPORTATION STANDARD –2018 VERSION					
SASB TOPIC	CODE	DESCRIPTION	UNIT OF MEASURE	OMISSIONS AND/OR MODIFICATIONS	PAGE
ACTIVITY PARAMETERS					
Activity Parameters	TR-RO-000.A	Revenue ton miles (RTM).	Number	Not available. We do not have an exact measure of tons transported.	
	TR-RO-000.B	Load factor.	Number		97, 123
	TR-RO-000.C	Number of employees, number of truck drivers.	Number		6, 7, 55, 56
ACCOUNTING METRICS					
Greenhouse Gas Emissions	TR-RO-110a.1	Gross global Scope 1 emissions.	Metric tons (t) de CO2-e		94
	TR-RO-110a.2	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets.	n/a		96
	TR-RO-110a.3	(1) Total fuel consumed, (2) percentage natural gas, (3) percentage renewable.	Gigajoules (GJ), percentage (%)		96
Air Quality	TR-RO-120a.1	Air emissions of the following pollutants: (1) NOx (excluding N2O), (2) SOx, and (3) particulate matter (PM10).	Metric tons (t)	We do not have information on our NOx, SOx, or particulate matter emissions.	96
Driver Working Conditions	TR-RO-320a.1	(1) Total recordable incident rate (TRIR) and (2) fatality rate for (a) direct employees and (b) contract employees.	Speed		64
	TR-RO-320a.2	(1) Voluntary and (2) involuntary turnover rate for all employees.	Speed		64
	TR-RO-320a.3	Description of approach to managing short-term and long-term driver health risks.	n/a		59, 64
Accident & Safety Management	TR-RO-540a.1	Number of road accidents and incidents.	Number		64
	TR-RO-540a.2	Safety Measurement System BASIC percentiles for: (1) Unsafe Driving, (2) Hours-of-Service Compliance, (3) Driver Fitness, (4) Controlled Substances/Alcohol, (5) Vehicle Maintenance, and (6) Hazardous Materials Compliance.	Percentile	Not available We do not monitor these percentiles	103
	TR-RO-540a.3	(1) Number and (2) aggregate volume of spills and releases to the environment.	Number, cubic meters (m³)	We have no information.	64

AIR FREIGHT & LOGISTICS STANDARD –2018 VERSION

SASB TOPIC	CODE	DESCRIPTION	UNIT OF MEASURE	OMISSIONS AND/OR MODIFICATIONS	PAGE
ACTIVITY METRICS					
Activity Metric	TR-AF-000.A	Revenue ton kilometers (RTK) for: (1) road transport and (2) air transport.	RTK	We do not have an exact measure of tons transported.	
	TR-AF-000.B	Load factor for: (1) road transport and (2) air transport.	Speed		123
	TR-AF-000.C	Number of employees, number of truck drivers.	Number		6, 7, 55
ACTIVITY METRICS					
Greenhouse Gas Emissions	TR-AF-110a.1	Gross global Scope 1 emissions.	Metric tons (t) of CO2-e		96
	TR-AF-110a.2	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets.	Number		96
	TR-AF-110a.3	Fuel consumed by (1) road transport, percentage (a) natural gas and (b) renewable, and (2) air transport, percentage (a) alternative and (b) sustainable.	Gigajoules (GJ), percentage (%)	We do not use biofuels; we use natural gas.	
Air Quality	TR-AF-120a.1	Air emissions of the following pollutants: (1) NOx (excluding N2O), (2) SOx, and (3) particulate matter (PM10).	Metric tons (t)	We do not have information on our NOx, SOx, or particulate matter emissions	
Labor Practices	TR-AF-310a.1	Percentage of drivers classified as independent contractors.	Percentage (%)	The drivers we report on are members of our own staff, we do not work with third-party drivers in our vehicles (we do work with third-party drivers when we use third-party vehicles in the Traxion Logistics business model that we launched in 2020).	
	TR-AF-310a.2	Total amount of monetary losses as a result of legal proceedings associated with labor law violations.	Currency to be communicated		48
Employee Health & Safety	TR-AF-320a.1	(1) Total recordable incident rate (TRIR) and (2) fatality rate for (a) direct employees and (b) contract employees.	Speed		66
Supply Chain Management	TR-AF-430a.1	Percentage of carriers with BASIC percentiles above the FMCSA intervention threshold.	Percentage (%)	We have no information on these percentiles	
	TR-AF-430a.2	Total greenhouse gas (GHG) footprint across transport modes.	Metric tons (t) of CO2-e per ton	We have no measurements of Scope 3 GHG emissions	96
Accident & Safety Management	TR-AF-540a.1	Description of implementation and outcomes of a Safety Management System.	n/a		64
	TR-AF-540a.2	Number of aviation accidents.	Number	Does not apply, given the nature of Grupo Traxión's activities	
	TR-AF-540a.3	Number of road accidents and incidents.	Number		66
	TR-AF-540a.4	Safety Measurement System BASIC percentiles for: (1) Unsafe Driving, (2) Hours-of-Service Compliance, (3) Driver Fitness, (4) Controlled Substances/Alcohol, (5) Vehicle Maintenance, and (6) Hazardous Materials.	Percentile	We have no information on these percentiles	

ROAD TRANSPORTATION, AIR FREIGHT & LOGISTICS, AND PROFESSIONAL SERVICES STANDARDS –2018 VERSION					
SASB TOPIC	CODE	DESCRIPTION	UNIT OF MEASURE	OMISSIONS AND/OR MODIFICATIONS	PAGE
ACTIVITY METRICS					
Activity Metric	SV-PS-000.A	Number of employees by: (1) full-time and part-time, (2) temporary, and (3) contract.	Number	We do not have the breakdown of these employment categories, but we do measure other variables.	55
	SV-PS-000.B	Employee hours worked; percentage billable.	Hours, percentage (%)		66
ACCOUNTING METRICS					
Data Security	SV-PS-230a.1	Description of approach to identifying and addressing data security risks.	n/a		86
	SV-PS-230a.2	Description of policies and practices relating to collection, usage, and retention of customer information.	n/a		86
	SV-PS-230a.3	(1) Number of data breaches, (2) percentage involving customers' confidential business information (CBI) or personally identifiable information (PII), (3) number of customers affected.	Number, percentage (%)		86
Diversity and Implication of the Workforce	SV-PS-330a.1	Percentage of gender and racial/ethnic group representation for (1) executive management and (2) all other employees.	Percentage (%)	We have the breakdown by gender, but not the other categories.	55
	SV-PS-330a.2	(1) Voluntary and (2) involuntary turnover rate for all employees.	Speed		60
	SV-PS-330a.3	Employee engagement as a percentage.	Percentage (%)		53
Professional Integrity	SV-PS-510a.1	Description of approach to ensuring professional integrity.	n/a		48
	SV-PS-510a.2	Total amount of monetary losses as a result of legal proceedings associated with professional integrity.	Currency to be communicated		48

TCFD RECOMMENDATIONS INDEX

TCFD RECOMMENDATIONS				
RECOMMENDATIONS	RECOMMENDED REPORT	CODE	PAGE/S	COMPLEMENTARY INFORMATION
Governance	a) Describe the Board's oversight of climate-related risks and opportunities.	GEN-GOV.a	28, 45	**Tracking the Sustainability Strategy.** The Corporate Practices Committee, a supporting body of the Board of Directors, conducts a quarterly review of the progress made on the Sustainability Strategy and briefs the Sustainability Director on its findings. The Sustainability Director in turn supports the Sustainability Committee and coordinates efforts with it. The Corporate Practices Committee reports to the Board of Directors, which also meets every three months. The Executive President, who is also a member of the Board, receives a report directly from the Sustainability Director. The Sustainability Strategy includes environmental initiatives related to the company's efficiency in the use of fuel, the use of alternative fuels with less Greenhouse Gas Emissions (GHG), and establishing ways in which to offset emissions. To complement these tasks, a climate change risk analysis has been developed and response measures were included when the Strategy was designed. **Validation of the identification and prioritization of climate change risks.** Our Sustainability Director, in collaboration with all the business units and the Risks Corporate Department has developed a method to identify climate change risks based on which we are in the process of establishing measures to strengthen the Sustainability Strategy. The analysis has been validated by the Sustainability Committee. **Follow up on the operational balanced scorecard indicators** We have an operational indicators scoreboard that is monitored by the Operational Excellence (OPEX) department, which reports its findings to the CEO. The CEO briefs the Board of Directors on how these are evolving. The scorecard includes a performance indicator for fuel consumption, which is the main source of GHG emissions at Traxión.
	b) Describe management's role in assessing and managing climate-related risks and opportunities.	GEN-GOV.b	28, 45	**Monitor the Sustainability Strategy** (including initiatives related to climate change–Sustainability Committee and Sustainability Director. **Integrate into risk management**–Risk Corporate Department. **Implement initiatives to address risks,** including those resulting from the identification of climate change risks–Responsible parties assigned based on the process and/or activity at every business unit. **Follow up on the indicators included in the balanced scorecard** –CEO, through the Operational Excellence (OPEX) Department. We are developing an ESG-specific scorecard that will include additional indicators related to climate change and targets (for example, GHG emissions).

RECOMENDACIONES TCFD

RECOMMENDATIONS	RECOMMENDED REPORT	CODE	PAGE/S	COMPLEMENTARY INFORMATION
Strategy	a) Describe the climate-related risks and opportunities the organization has identified over the short-medium-, and long-term.	GEN-STRAT.a	45	Included in the corresponding section. It is important to point out that both the risks and opportunities have a short-, medium-, and long-term horizon, described herein.
	b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	GEN-STRAT.b	45	Based on our climate change risks analysis we are currently working on an action plan. It is important to point out that certain initiatives have been included already in our Sustainability Strategy and in the company's strategic planning that contribute to prevent and/or mitigate risks. There is a strong relationship between fuel consumption efficiency and the reduction of GHG emissions. We will further study the financial impact of these risks and opportunities.
	c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, include a 2°C or lower scenario.	GEN-STRAT.c	-	We have not analyzed these scenarios yet; we will do so as part of our next steps based on the climate change analysis we have already conducted.
Risk management	a) Describe the organization's processes for identifying and assessing climate-related risks.	GEN-RISK.a	45	We have developed a climate change risks analysis which includes other environmental concerns. It included our study of our peers at the international level, the internal identification in collaboration with the areas in charge of the operation's most critical processes, and an internal qualitative prioritization process based on the probability of them occurring, Traxión's vulnerability, and their potential impact.
	b) Describe the organization's processes for managing climate-related risks	GEN-RISK.b	45	**Existing initiatives.** » Fuel price volatility/lack of availability–fuel acquisitions and the identification of risks associated to fuel prices or availability are constantly monitored by the CEO through the Procurement Corporate Department. In turn, the latter develops and implements strategies to reduce the potential adverse impact in both a preventive and reactive manner. » Non-compliance with environmental regulations–culture of compliance, internal and external audits. » Asset-light model–reviewing and monitoring the state of outsourced fleets. » Traxión's GHG emissions reductions–logistics efficiencies, eco-efficient technology, fleet maintenance and renovation, fuel substitution, etc. » Regulation of limits on emissions and mobility–same as above **New reinforcement initiative** (based on the risk analysis results): under development
	c) Describe the organization's processes to identify, assess, and manage climate-related risks in the organization's overall risk management.	GEN-RISK.c	42	The results of the climate change risk analysis are included in the Group's risk maps, which are updated in collaboration with the Risks Corporate Department and specialists in every business unit. To address these risks, we already have initiatives in place to which we will add others that are currently included in the updated work plan.

RECOMENDACIONES TCFD

RECOMMENDATIONS	RECOMMENDED REPORT	CODE	PAGE/S	COMPLEMENTARY INFORMATION
Metrics and objectives	a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	GEN-METRIC.a	Anexo Metas ASG	The main indicators are shown throughout the report and include metrics on fuel efficiency, fuel consumption intensity, emissions, average fleet age, among others. We have included indicators related to climate change in addition to our 2020 annual targets, in the Appendix entitled Traxión ESG Targets.
	b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 GHG emissions, and the related risks.	GEN-METRIC.b	96	We estimate our Scope 1 emissions, which are the most significant for our company since our activity mainly requires fuel. In terms of electricity, we are working on obtaining consumption data in order to be able to measure our Scope 2 emissions. In terms of Scope 3 emissions, we have established a work plan to progressively incorporate them into our estimates of the Traxión footprint.
	c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	GEN-METRIC.c	Anexo Metas ASG	The Sustainability Director establishes annual targets in collaboration with several other areas in the company, which are then validated with the Sustainability Committee and the Corporate Practices Committee, prior to presenting them to the Board of Directors. The targets also constitute a public commitment and are included in the Appendix entitled ESG Targets.

GRUPO TRAXIÓN, S. A. B. DE C. V. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2020, AND 2019

(WITH INDEPENDENT AUDITORS' REPORT THEREON)

(GRI 102-45)

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
Grupo Traxión, S. A. B. de C. V.

(Thousands of mexican pesos)

OPINION

We have audited the consolidated financial statements of Grupo Traxión, S. A. B. de C. V. and subsidiaries (the Group), which comprise the consolidated statements of financial position as of December 31, 2020 and 2019, the consolidated statements of comprehensive income, changes in stockholders' equity and cash flows for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Grupo Traxión, S. A. B. de C. V. and subsidiaries as of December 31, 2020 and 2019, and its consolidated results and its consolidated cash flows for the years then ended, in accordance with International Financial Reporting Standards (IFRS).

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Mexico, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

The key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming of our opinion thereon, and we do not express a separate opinion on these matters.

IMPAIRMENT TEST OF GOODWILL AND INTANGIBLE ASSETS ($5,588,013)

See Note 13 to the consolidated financial statements.

The key audit matter	How the matter was addressed in our audit
Goodwill and intangible assets come mainly from the acquisition, in previous years, of some of the Cash Generating Units ("CGU"). The recoverable amount of the CGUs is based on the higher of use value and fair value less sale cost, has been from discounted cash flow models. These models use key assumptions, including estimates of future sales volumes and prices, operating costs, terminal value growth rates, and the weighted average cost of capital (discount rate). The assessment of goodwill impairment and intangible assets through annual testing is considered a key audit matter due to the complexity of accounting requirements and the significant judgment required in determining the assumptions to be used to estimate the recoverable amount.	The main procedures we performed to address this key audit issue included the following: We compare the Group's historical projections of cash flows with current results to assess the Group's ability to make reasonable projections. In addition, we involve our valuation specialists, who assisted us in: – Evaluate the long-term growth rates projected by the Group for these CGUs, comparing the growth assumptions with public available information. – Evaluatethe discount rate used in the valuation, comparing it with a range of discount rates that was determined independently using public information available for comparable entities; and – Calculate the fair value of CGUs, using the Group's cash flow projections and determining a discount rate independently, and compare the results of our estimates with the fair value estimates determined by the Group.

OTHER INFORMATION

Management is responsible for the other information. The other information comprises the information included in the Annual Report for the year ended December 31, 2020 which to be filled to the National Banking and Securities Commission (CNBV) and the Mexican Stock Exchange, ("the Annual Report"), but does not include the consolidated financial statements and our auditors' report thereon. The Annual Report is expected to be available to us after the date of this auditors' report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- dentify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group´s internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, then we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, actions to eliminate threats or related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore, the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

KPMG Cárdenas Dosal S. C.

L.C. C. Alejandro Lozano Rodríguez
Ciudad de México, a 28 de abril de 2021.

GRUPO TRAXIÓN, S. A. B. DE C. V. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2020, AND 2019

(IN THOUSANDS OF MEXICAN PESOS)

ASSETS	NOTE		2020	2019
CURRENT ASSETS:				
Cash and cash equivalents	7	$	1,597,298	580,503
Equity Investments (FVTPL)	5(b)		126,313	-
Accounts receivable	8		2,617,881	2,025,652
Related parties	10		2,762	1,249
Current tax assets			844,183	783,600
Other receivables	9		270,934	160,352
Inventories (mainly spare parts)			88,099	46,765
Prepayments	11		126,441	101,288
Total current assets			5,673,911	3,699,409
NON-CURRENT ASSETS:				
Long-term prepayments	11		121,730	128,152
Transportation equipment and machinery	12		8,132,653	7,881,999
Right-of-use assets	19		1,199,323	1,330,428
Investment in associated companies			3,017	3,017
Goodwill	13		4,322,892	4,322,892
Intangible assets and other assets	13		1,386,742	1,368,566
Deferred tax assets	20		251,278	369,876
Total non-current assets			15,417,635	15,404,930
Total assets			21,091,546	19,104,339

LIABILITIES AND STOCKHOLDERS' EQUITY	NOTE		2020	2019
CURRENT LIABILITIES:				
Current installments of long-term debt	14	$	1,026,541	686,477
Current lease obligations	19		311,951	152,057
Suppliers	15		939,472	551,198
Other liabilities			108,303	87,621
Other taxes	16		693,106	582,306
Accruals	18		576,960	407,392
Income taxes			86,904	49,906
Employee statutory profit sharing	18		80,792	66,698
Related parties	10		5,100	2,215
Advances from customers			79,043	63,877
Total current liabilities			3,908,172	3,516,316
NON-CURRENT LIABILITIES:				
Long-term debt, excluding current installments	14		2,372,947	3,477,822
Long-term debt securities, excluding current maturities	14		2,500,000	-
Long-term lease obligations excluding current maturities	19		702,125	967,227
Derivative financial instruments	26		40,638	52,213
Employee benefits	17		108,228	75,027
Deferred taxes liabilities	20		620,041	712,009
Total non-current liabilities			6,343,979	5,284,298
Total liabilities			10,252,151	8,800,614
EQUITY:				
Capital stock	22		8,355,060	8,599,249
Additional paid-in capital			135,944	135,944
Legal reserve			67,272	39,200
Actuarial gains	17		(2,469)	1,932
Earnings from derivative financial instruments			(28,447)	(36,549)
Other equity accounts			490,173	375,035
Retained earnings			1,821,862	1,188,914
Total equity			10,839,395	10,303,725
Contingent liabilities (note 27)				
Subsequent events (note 30)				
Total liabilities and equity		$	21,091,546	19,104,339

See accompanying notes to consolidated financial statements.

GRUPO TRAXIÓN, S. A. B. DE C. V. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2020, AND 2019

(IN THOUSANDS OF MEXICAN PESOS)

	NOTE		2020	2019
Service revenues				
Freight revenues	4(k)	$	5,938,987	5,644,468
Personnel transportation	4(k)		5,555,341	5,019,200
Logistic services	4(k)		1,067,415	855,362
Revenue from courier and parcel services	4(k)		1,718,376	632,823
Other income	4(k)		17,587	2,407
Total revenues			14,297,706	12,154,260
Total costs	10 and 23		10,162,109	8,661,861
Gross profit			4,135,597	3,492,399
General expenses	10 and 24		2,393,851	2,308,025
Impairment for doubtful accounts and other	8 and 9		87,714	68,107
accounts receivables	25		(27,502)	(139,036)
Other profit	1(iv)		-	39,993
Operating income			1,681,534	1,215,310
Finance (cost) income				
Interest expenses			(635,569)	(689,445)
Financial cost of the defined benefit plan			(4,245)	(4,226)
Other financial cost			(46,043)	(31,822)
Net foreign exchange loss			(121)	(10,104)
Valuation effect of financial instruments			(54,200)	20,236
Interest income			60,439	26,920
Net finance costs			(679,739)	(688,441)
Profit before income taxes			1,001,795	526,869

	NOTE		2020	2019
Income tax	21			
Current			315,731	284,844
Deferred			25,044	(206,802)
Total income tax			340,775	78,042
Consolidated net income		$	661,020	448,827
Other comprehensive results:				
Items that will not be reclassified subsequently to profit or loss:				
Actuarial (loss) gains of the defined benefit plan	17	$	(6,287)	1,011
Deferred income tax			1,886	(303)
Items that can be reclassified after the period result:				
Valuation effect of derivative financial instruments	21(a)		11,574	(93,414)
Deferred income tax			(3,472)	28,024
Other comprehensive results			3,701	(64,682)
Total comprehensive income		$	664,721	384,145
Basic earnings per share (in mexican pesos)	28	$	1.230	0.835

See accompanying notes to consolidated financial statements.

GRUPO TRAXIÓN, S. A. B. DE C. V. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2020, AND 2019

(IN THOUSANDS OF MEXICAN PESOS)

These financial statements have been translated from the Spanish language original and for the convenience of foreign/English-speaking readers.

	NOTE		CAPITAL STOCK	ADDITIONAL PAID- IN CAPITAL	LEGAL RESERVE	NET ACTUARIAL	VALUATION EFFECT FROM DERIVATIVE FINANCIAL INSTRUMENTS	OTHER EQUITY ACCOUNTS	RETAINED EARNINGS	TOTAL STOCKHOLDERS' EQUITY
Balances as of January 1, 2019		$	**8,855,224**	**135,944**	**34,169**	**1,224**	**28,841**	**248,707**	**745,118**	**10,049,227**
Legal reserve	22(b)		-	-	5,031	-	-	-	(5,031)	-
Employee stock ownership plan (ESOP)	22(d)(i)		-	-	-	-	-	126,328	-	126,328
Repurchase of shares	22(c)		(255,975)	-	-	-	-	-	-	(255,975)
Net comprehensive income	22		-	-	-	708	65,390)	-	448,827	384,145
Balances as of December 31, 2019			**8,599,249**	**135,944**	**39,200**	**1,932**	**(36,549)**	**375,035**	**1,188,914**	**10,303,725**
Legal reserve	22(b)		-	-	28,072	-	-	-	(28,072)	-
Employee stock ownership plan (ESOP)	22(d)(i)		-	-	-	-	-	115,138	-	115,138
Repurchase of shares	22(c)		(244,189)	-	-	-	-	-	-	(244,189)
Net comprehensive income	22		-	-	-	(4,401)	8,102	-	661,020	664,721
Balances as of December 31, 2020		$	**8,355,060**	**135,944**	**67,272**	**(2,469)**	**(28,447)**	**490,173**	**1,821,862**	**10,839,395**

See accompanying notes to consolidated financial statements.

GRUPO TRAXIÓN, S. A. B. DE C. V. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2020, AND 2019

(IN THOUSANDS OF MEXICAN PESOS)

CASH FLOWS FROM OPERATING ACTIVITIES:		2020	2019
Consolidated net income	$	661,020	448,827
Adjustments for items relating to operating activities:			
Income tax expense		340,775	78,042
Depreciation and Amortization		1,336,700	1,296,488
Impairment of accounts receivable and other accounts receivable		87,714	68,107
Loss (gain) on sale of transportation equipment and machinery		31,066	(36,391)
Financial cost of the defined benefit plan		4,245	4,226
Interest income		(60,439)	(26,920)
Unrealized foreign exchange (gain) loss		(1,591)	1,127
Loss (gain) on valuation of financial instruments		54,200	(20,236)
Effect of subsidiary desincorporation		-	39,993
Interest expense and other finance cost		681,612	721,267
Subtotal		3,135,302	2,574,530
Accounts receivable		(648,829)	(75,650)
Accounts receivable from related parties		(1,513)	(1,146)
Other receivables		(187,887)	(60,541)
Current tax assets		(60,583)	22,311
Inventories		(41,334)	49,790
Prepayments		(25,153)	(18,521)
Income taxes		(280,359)	(290,037)
Suppliers		217,302	22,999
Other liabilities		(80,652)	85,906
Other taxes		110,799	107,844
Accruals		169,568	(19,471)
Accounts payable to related parties		2,885	(4,606)
Employee benefits		22,669	10,926
Advances from customers		15,166	(19,685)
Employee statutory profit sharing		14,094	20,207
Net cash provided by operating activities		2,361,475	2,404,856

CASH FLOWS FROM INVESTING ACTIVITIES:		2020	2019
Acquisition of transportation equipment and machinery		(890,314)	(1,738,347)
Advance payments for adquisitions of transportation equipment and machinery		-	(74,234)
Proceeds from sale of transportation equipment and machinery		131,235	573,019
Intangible assets and other assets		(44,248)	(95,207)
Consideration paid for business acquisitions, net of cash acquired		-	(67,500)
Other payments to acquire equity instruments of other entities		(91,745)	-
Interest received		60,439	26,920
Net cash used in investing activities		(834,633)	(1,375,349)
Surplus cash to apply in financing activities		1,526,842	1,029,507
CASH FLOWS FROM FINANCING ACTIVITIES:			
Shares repurchase		(244,189)	(255,975)
Payments of bank loans		(5,576,169)	(3,315,189)
Lease payments		(689,857)	(603,057)
Settlement of derivative financial instruments		(48,209)	20,235
Proceeds from bank loans		4,096,764	3,857,654
Long-term equity debt		2,500,000	-
Debt issuance costs		(23,106)	-
Interest paid (1)		(526,872)	(652,675)
Net cash (used in) financing activities		(511,638)	949,007)
Net increase in cash and cash equivalents		1,015,204	80,500
Cash and cash equivalents at beginning of year		580,503	501,130
Revaluation effect on cash		1,591	(1,127)
Cash and cash equivalents at end of year	$	1,597,298	580,503

(1) The group has chosen to classify cash flows from interest payments as financing activities.
See accompanying notes to consolidated financial statements.

Grupo Traxión, S. A. B. de C. V. and subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2020 and 2019

(In thousands of Mexican pesos)

These financial statements have been translated from the Spanish language original and for the convenience of foreign/English-speaking readers.

(1) Reporting entity-

The consolidated financial statements of Grupo Traxión S. A. B. de C. V. henceforth "Grupo Traxión", includes the financial information of the holding entity Grupo Traxión, S. A. B. de C. V. ("Traxión") and the following subsidiaries: Transportadora Egoba, S. A. de C. V. ("Egoba"), Grupo Mudancero, S. A. de C. V. and subsidiaries ("GM"), Almacenaje y Distribución Avior , S. A. de C. V. and subsidiaries (formerly Almacenadora y Distribuidora Aquarius, S. A. de C. V.) ("Grupo SID"), Auto Express Frontera Norte, S. A. de C. V. and subsidiaries ("AFN"), Corporación Lipu, S. A. P. I. de C. V. and subsidiaries ("Lipu"), Servicios Corporativos FTM, S. C. ("Servicios TM"), Palex Servicios Internacionales de Carga Consolidada, S. A. de C. V. ("Palex"), Comercializadora Traxión, S. A. de C. V. ("Comercializadora") Prosperity Factor, S. A. de C. V. SOFOM, E.N.R. ("SOFOM"), Redpack, S. A. de C. V., ("Redpack") and Potencia Logistica Potosina, S. A. P. I. de C V. and subsidiaries ("Bisonte"), Traxión Logistics, S. A. de C. V. and subsidiaries ("Traxión Logistics"), and from 2020 Fundación Traxión, A.C., together referred to as "the Group" or "Grupo Traxion".

Grupo Traxión was incorporated in Mexico on July 27, 2011, under the name of Fondo de Transporte México, as a corporation of investment promotion with variable capital. On September 14, 2017, at the shareholders' extraordinary meeting it was agreed the change of name and denomination to stock corporation with variable capital, to be named "Grupo Traxión, Stock Corporation with Variable Capital" or its abbreviation "S. A. B. de C. V.".

Grupo Traxión adress is at Paseo de la Reforma 115 floors 17 and 18, Colonia Lomas de Chapultepec, Mexico City, Mexico.

The main activities of Grupo Traxión are: to participate as partner, shareholder, or investor in all kinds of mercantile corporations, Mexican or foreign; acquire, dispose and negotiate all types of shares, certificates of participation or any other security, whether debt or equity; as well as obtain, grant, perform financing activities of any kind in the short, medium or long term, with or without specific guarantee, including pledges and mortgages.

Through its subsidiaries, the Group's main activities are to provide freight services, storage and logistics services necessary for the coordination of these activities; It also provides refrigerated freight services, transportation of raw materials, specialized cargo activities, shipping and courier services. As well as provide school, personnel and tourist transportation services in Mexico.

No entity or individuals have control over the Group.

Entities of the group-

The subsidiaries in which the Group has control, as well as its equity participation and main activities, are mentioned in the next page.

SUBSIDIARY	2020	2019	MAIN ACTIVITY
GM:			
Grupo Mudancero, S. A. de C. V (iv)	100	100	Cargo and freight.
MyM Internacional, S. A. de C. V.	100	100	General merchandise, packing, relocation and cargo.
Transporte de Carga Grupo MyM, S. A. de C. V.	100	100	Cargo and freight.
Egoba:			
Transportadora Egoba, S. A. de C. V.	100	100	Cargo and freight.
Servicios FTM:			
Servicios Corporativos FTM, S. C.	100	100	Professional services.
Grupo SID:			
Transportes Suvi, S. A. de C. V.	100	100	Cargo and freight.
Almacenaje y Distribución Avior, S. A. de C. V.	100	100	Storage services.
Tractocamiones Europeos, S. A. de C. V.	100	100	Maintenance
AFN:			
Auto Express Frontera Norte, S. A. de C. V.	100	100	Cargo and freight.
Inter Mexicana de Transportes S. A. de C. V.	100	100	Box transfers.
AFN Logistics, LTD.	100	100	International logistic.

SUBSIDIARY	2020	2019	MAIN ACTIVITY
Palex:			
Autotransportes Suvi, S. A. de C. V. (antes PLX Servicios Internacionales de Carga Consolidada, S. A. de C. V.)	100	100	Cargo and freight.
SOFOM:			
Prosperity Factor, S. A. de C. V. SOFOM, E.N.R	100	100	Financial services
Comercializadora:			
Comercializadora Traxión, S. A. de C. V.	100	100	Administrative services
Lipu:			
Corporación Lipu, S. A. P. I. de C. V.	100	100	Bus leasing
Fastbus, S. A. P. I. de C. V.	100	100	Bus leasing
Autotransportes Miguel Meza Sánchez, S. A. P. I. de C.V.	100	100	School and personal transportation
Transportes Lipu, S. A. de C. V.	100	100	School personal and corporate transportation
Loxtel Asesores, S. A. P. I. de C. V.	100	100	Personal transportation
Grupo Settepi, S. A. P. I. de C. V.	100	100	Personal transportation
M&A Traxion, S. A. P. I. de C.V.	100	100	Personal Services
Excelencia en Transporte Escolar y de Personal, S. A. P. I. de C. V.	100	100	Schoolar and personnel transportation
Publica Advertising, S. A. de C. V.	100	100	Advertising Service

SUBSIDIARY	2020	2019	MAIN ACTIVITY
Redpack:			
Redpack, S. A. de C. V.	100	100	Shipping and courier
Redpack U.S.A. Inc.	100	100	Shipping and courier
Bisonte:			
Potencia Logística Potosina, S. A. P. I. de C. V.	100	100	Specialized refrigerated cargo transportation
Autotransportes el Bisonte, S. A. de C. V.	100	100	Specialized refrigerated cargo transportation
Logistics:			
Traxión Logistics, S. A. de C. V. (iii)	100	100	National and international logistics services
Traxión Technologies, S. A. de C.V. (iii) (v)	90	90	Intermediation services through media and technological platforms
Loadsapp Colombia, S.A.S. (iii)	100	100	Intermediation services through media and technological platforms
Traxion Logistics, USA (antes Insoftel Logistics, Inc.) (iii)	100	100	Intermediation services through media and technological platforms
Trx Ride On S. A. de C. V. (i)	100	-	Establish organize and manage a private transportation club
Foundation:			
	100	-	Non-for-profit association, with assistance activities for people and/ or groups with limited resources indigenous communities and vulnerable groups.

During 2020, the following transactions occurred:

i. On March 4, 2020, at the Stockholders' Meeting was agreed, the incorporation of RX Ride On, S.A. de C. V., the purpose of which is to establish, organize and manage a private club for the safe transportation of passengers by entering into membership contracts and / or through the appropriate legal instruments for such purposes, which will be referred to hereinafter as "TRX Ride "for future reports.

ii. On August 6, 2020 at the Stockholders' Meeting was agreed, the incorporation of Fundación Traxión, A. C., the purpose of which is to be a non-for-profit association that has as beneficiaries in each and every one of its assistance activities that it carries out to people, sectors and regions with scarce resources, indigenous communities and vulnerable groups by age, sex or disability problems among others.

During 2019, the following transactions occurred:

iii. On March 25, 2019, was agreed, the incorporation of Traxion Logistics, S. A. de C. V. Was established, the purpose of which is to provide national and internationallogistics services, which will be hereinafter referred to as "Traxion Logistics" for future reports; and on October 24, 2019, Traxion Technologies, S. A. de C. V., a subsidiary of Traxion Logistics, carried out the acquisition of 100% of the shares of Insoftel Logistics, Inc. and Loadsapp Colombia, S. A. S., the purpose is to develop a new business scheme, which will provide services such as distribution, x-border, FC e-commerce and Big Ticket mainly, with a commercial, engineering, operational and technological engine, by using its own and/ or third-party assets.

iv. On June 1, 2019, the Group sold all the shares representing the capital stock of Transportes Muebleros MyM, S. A. de C.V., Transportes Olímpicos, S. A. de C. V., and Transportes FL, S. A. de C. V., owned by the Group to on that date, which generated a loss in results of $ 39,993, which was recorded in the other expenses of the Group.

v. On September 23, 2019, was agreed, the incorporation of Traxion Technologies, S. A. de C. V., Whose purpose is to provide intermediation services through technological media and / or platforms focused on logistics and administrative activities, which will be referred "Traxion Technologies" for future reports.

The foregoing entities have their main place of business in Mexico except AFN Logistics, L. T. D., and Redpack U.S.A., Inc whose operations are insignificant, and which carry out their activities in the United States of America.

(2) Relevant events-

a. On September 10, 2020, an issuance of unsecured stock certificates was carried out for $ 2,500 million pesos, with a term of 7 years, and with a coupon at a fixed rate of 8.98%. The issue was carried out under a program for 10,000 million pesos authorized by the National Banking and Securities Commission. The bonds were listed on the Institutional Stock Exchange. This transaction did not modify Grupo Traxion's leverage ratios.

b. The appearance and spread of the coronavirus (COVID-19) outbreak in early 2020 has affected commercial and economic activity worldwide. Although the extent and ultimate impact of this virus is still unknown, the Group's financial condition and results of operations could still be affected.

As of the date of the financial statements, the contingency due to the COVID-19 pandemic has affected various sectors of the economy, causing the closure of schools and other essential activities, these effects were offset by the increase in transportation capacities required by customers in the segment of transportation of people to industrial parks and in the same way an increase was generated in the use of electronic commerce and all the logistics channels that serve to this medium.

c. During March 2019, Grupo Traxion acquired 100 passenger buses powered by gas, which is part of company's plan and strategy of strengthening the growth of personnel transport segment and expansion of its fleet, this investment was for approximately $350,000.

(3) Basis of preparation-

a) Statement of compliance-

The accompanying consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

On April 28, 2021, Rodolfo Mercado Franco (Chief Executive Officer) and Wolf Silverstein Sandler (Vice President of Finance and Administration), authorized the issuance of these consolidated financial statements and accompanying notes.

In accordance with the General Corporations Law and the Traxión's bylaws, the stockholders are empowered to modify the consolidated financial statements after issuance. The consolidated financial statements will be submitted for approval at the next Shareholders' Meeting.
Note 4 includes details of the Group's accounting policies.

b) Basis of measurement-

The consolidated financial statements have been prepared applying the same International Financial Reporting Standards ("IFRS"), accounting policies, valuation criteria and historical cost bases with the exception of assets and liabilities arising from a business acquisition, derivative financial instruments, and the defined benefit plan, which are valued at their fair value.

c) Functional and reporting currency-

The accompanying consolidated financial statements are presented in thousands of Mexican pesos (Thousands of pesos) which is both, the reporting and the functional currency of the Group.

For the purpose of disclosure in the notes to the consolidated financial statements, when reference is made to pesos, these are Mexican pesos, and when reference is made to dollars, it means thousands of dollars of the United States of America.

d) Use of estimates and judgments-

The preparation of the consolidated financial statements requires management to make a number of judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses reported. Actual results may differ from those estimates.

The relevant estimates and assumptions are reviewed on a regular basis. Changes in accounting estimates are recognized prospectively.

A. Judgments

The information on judgments made in the application of accounting policies that have the most significant effect on the amounts recognized in the financial statements is described in the following notes:

- Note 4(k) - revenue recognition: whether revenue is recognized over time or at a specific point in time;
- Note 4 (a) - consolidation: whether the Company has de facto control over an investee; and
- Note 4 (t) - leases: whether an arrangement contains a lease.

B. Estimation assumptions and uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the consolidated financial statements in the next year are included in the following notes:

- Note 4(d)(iii) - vidas útiles de equipo de transporte y maquinaria;
- Note 4(h)(i) - medición de la estimación para pérdidas crediticias esperadas por activos del contrato y otras cuentas por cobrar: supuestos clave para determinar la tasa de pérdida promedio ponderada;
- Note 4 (h)(ii) - pruebas de deterioro del valor de activos intangibles y crédito mercantil: supuestos clave para el importe recuperable;
- Note 4 (i) – medición de obligaciones por beneficios definidos: supuestos actuariales claves;
- Note 4 (j) - provisiones
- Note 4 (m) - reconocimiento de activos por impuestos diferidos: disponibilidad de futuras utilidades imponibles contra las que pueden utilizarse las diferencias temporales deducibles y las pérdidas compensadas obtenidas en períodos anteriores;
- Note 4 (t) – determinación de la tasa de descuento base para el cálculo del activo y pasivo por derecho de uso; y
- Note 4 (p) - contingencias.

C. Measurement of fair values

A number of Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values.

Significant unobservable input data and valuation adjustments are regularly reviewed. If information from third parties, such as quotes from brokers or pricing services, is used to measure fair values, the evidence obtained from the third parties is evaluated to support the conclusion that those valuations satisfy the requirements of the standards, including the level within the hierarchy of fair value within which these valuations should be classified.

Significant valuation matters are reported to the Group's Audit Committee.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Groups recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 5 (f) - share-based payment arrangements; and
- Note 5 (e) - financial instruments.

e) Statement of comprehensive income presentation

The Group opted for reporting comprehensive income in a single statement that includes all the items that comprise net income, other comprehensive income (OCI), entitled "Statement of Comprehensive Income"

Given that the Group is a service entity, ordinary costs and expenses are presented based on their nature, as the information so reported is clearer.

Additionally, the "Operating income (loss)" line item is included, which results from subtracting the cost of sales and service income as this line item is considered to provide a better understanding of the Group's economic and financial performance

f) Cash flow statement

The Group presents its statement of cash flows using the indirect method. Interest paid is classified as cash flows from financing activities.

(4) Summary of significant accounting policies-

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, unless otherwise indicated.

(a) Basis of consolidation-

(i) Subsidiaries-

The consolidated financial statements of Grupo Traxión include the financial information of the subsidiaries mentioned in note 1. The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that the control ceases.

(ii) Transactions eliminated in consolidation-

Intercompany balances and transactions between consolidate entities, as well as any unrealized gain and loss, have been eliminated in the preparation of these consolidated financial statements. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

(iii) Business combinations

Business acquisitions are recognized through the purchase accounting method. The consideration transferred in a business acquisition is measured at fair value, which is calculated as the sum of the values of the assets acquired, less the liabilities assumed by the Group with the previous owners of the acquired entity on the date of acquisition.

At the acquisition date, the identifiable assets acquired, and the liabilities assumed are recognized at fair value.

Costs related to the acquisition are recognized in the income statement as incurred.

(iv) Loss of control-

When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, any related non-controlling interest and other equity components.

Any resulting gain or loss is recognized in profit or loss. If the Group retains any interest in the former subsidiary, it will be valued at its fair value on the date on which control is lost.

(b) Foreign currency transactions-

Transactions in foreign currency are translated to the respective functional currencies of the Group entities at the exchange rate prevailing at the dates of the transactions. The foreign exchange gain or loss on monetary items is the difference between the amortized cost in the functional currency at the beginning of the period, adjusted for payments and effective interest during the period, and the amortized cost in foreign currency translated at the exchange rate at the end of the reported period. Foreign exchange differences arising from the conversion are recognized in the comprehensive financial results as a cost or financial gain.

(c) Financial instruments-

(i) Initial measurement and recognition-

All other financial assets and liabilities are initially recognized when the Group becomes part of the contractual provisions of the instrument. Trade accounts receivable and debt instruments issued are recognized when they originate.

A financial asset (unless significant financing component) or financial liability is initially measured at fair value plus transaction costs directly attributable to its acquisition or issue, except for a transaction not measured at fair value with changes in results. A commercial account receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement-

Financial Assets.

At initial recognition, a financial asset is classified as measured at: amortized cost, at fair value with changes in other comprehensive income - investment in debt, at fair value with changes in other comprehensive income - investment in equity, or at fair value with changes in results. The classification of financial assets under this standard is based on the business model in which a financial asset is managed and on its contractual cash flow characteristics.

Financial assets are not reclassified subsequent to their initial recognition, unless if the Group changes its business model to managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period, following the change in the business model.

A financial asset is measured at amortized cost if the following two conditions are met and it is not measured at fair value with changes in results as shown below:

a) the financial asset is held within a business model whose objective is to hold to collect contractual cash flows; and

b) the contractual conditions of the financial asset give rise, on specified dates, to cash flows that are only payments of the principal and interest on the amount of the outstanding principal

An investment in debt must be measured at fair value with changes in other comprehensive income if the following two conditions are met and it is not measured at fair value with changes in results:

a) It is hold within a business model whose objective is achieved both by obtaining the contractual cash flows and by selling the financial assets; and

b) its contractual terms give rise, on specified dates, to cash flows that are solely payments of principal and interest on the amount of the outstanding principal.

On initial recognition of an equity investment that is not held for trading, the Group may elect to present subsequent changes in fair value in other comprehensive income. This election is made individually for each investment.

All financial assets not classified as measured at amortized cost or at fair value with changes in other comprehensive income, are measured at fair value with changes in results. This includes all derivative financial assets.

At initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirement to be measured at amortized cost or at fair value with changes in other comprehensive income as at fair value with changes in results if doing so eliminates or Significantly reduces a measurement or recognition inconsistency that would otherwise arise.

(iii) Business model evaluation -

The Group assesses the business model objective in which a financial asset is maintained at the portfolio level, since this asset is the one that best reflects the way the business is managed. The information considered includes: the policies applicable to the management of trade accounts receivable (portfolio), the portfolio performance evaluation model and how this is reported to key Group management personnel; managing the risks that affect the performance of the business model (and financial assets held in the business model) and the frequency, value, and timing of sales, etc. are considered.

Transfers of financial assets to third parties in transactions that are not for derecognition are not considered sales for this purpose, in accordance with the ongoing recognition of the group of asset.

Financial assets that are held or managed for trading, and whose performance is evaluated on a fair value basis, are measured at fair value through profit or loss.

(iv) Assessment of contractual cash flows are solely payments of principal and interest -

For purposes of this evaluation, the ‘principal’ is defined as the fair value of the financial asset at the time of initial recognition. ‘Interest’ is defined as consideration for the time value of money and for the credit risk associated loan risks and costs (for example, liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are only payments of principal and interest, the Group considers the contractualterms of the instrument. This includes evaluating whether a financialasset contains a contractual condition that could change the schedule or amount of the contractual cash flows in a way that would not fulfill this condition. In making this assessment, the Group considers:

- Contingent events that would change the amount or timing of the cash flows.
- terms that could adjust the contractual rate, including rate characteristics variable.
- prepayment and extension features; and terms that limit the Group’s right to cash flows from specific assets (for example, non-recourse features)

(v) Subsequent measurement and gains and losses-

Financial assets at fair value with changes in results	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.
Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by the impairment losses. Interest income, gains and losses from foreign currency translation and impairment are recognized in results. Any gain or loss on the derecognition of accounts is recognized in results.
Debt investments to FVTOCI	These assets are subsequently measured at fair value. Interest income calculated under the effective interest method, foreign currency translation gains and losses and impairment are recognized in come. Other net gains and losses are recognized in other comprehensive income. At the time of derecognition, accumulated gains and losses are recorded in other comprehensive income and then reclassified in profit or loss.
Equity investments to FVTOCI	These assets are subsequently measured at fair value. Dividends are recognized as income in results unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to income.

(vi) Financial liabilities - Classification, subsequent measurement and gains and losses-

Financial liabilities are classified as measured at amortized cost or at fair value through profit or loss.

A financial liability is classified at fair value through profit or loss if it is classified as held-for-trading, is a derivative or is designated as such on initial recognition. Net gains and losses, including any interest expense, are recognized in results.

The other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest income and gains and losses on translation of foreign currency are recognized In come. Any gain or loss on derecognition is also recognized in profit or loss.

(vii) Derecognition-

The Group derecognizes a financial asset when the contractual rights over the cash flows of the financial asset expire, or when it transfers the rights to receive the contractual cash flows in a transaction in which all the risks and rewards of ownership of the financial asset are transferred, or does not transfer or retain substantially all the risks and benefits related to the property and does not retain control over the assets transferred.
Derecognition of a financial liability is generated when the contractual obligations are paid or cancelled or expired. The Group also derecognizes a financial liability when its terms are modified, and the cash flows of the modified liability are substantially different. In this case, a new financial liability is recognized based on the new conditions at fair value.

At the time of derecognition of a financial liability, the difference between the carrying amount of the extinguished financial liability and the consideration is recognized in profit or loss.

(viii) Offsetting-

A financial asset and liability are offset and the net amount is presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts recognized, and intends to settle them on a net basis, or to realize the asset and settle the liability simultaneously.

(ix) Derivative financial instruments and edge accounting -z

The Group holds derivative financial instruments to hedge its interest rate risk exposure rates from its long- term liabilities at the TIIE interest rate plus a spread.

Embedded derivatives are separated from the main contract and recorded separately if the main contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. After initial recognition, derivative financial instruments are measured at fair value, and their changes are recognized in income, if they were not designated as accounting hedges.

The Group designates interest rate swaps, which hedge its exposure to the TIIE interest rate, as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in interest rates, for paying interest on your financial liabilities at a variable rate.

At the beginning of the designated hedging relationships, the Group documents the risk management objective and strategy to carry out the hedging. The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether changes in cash flows from the hedged item and the hedging instrument offset each other.

Hedges directly affected by interest rate benchmark reform

For the purpose of evaluating whether there is an economic relationship between the hedged item(s) and the hedging instrument(s), the Group assumes that the benchmark interest rate is not altered as a result of interest rate benchmark reform.

For a cash flow hedge of a forecast transaction, the Group assumes that the benchmark interest rate will not be altered as a result of interest rate benchmark reform for the purpose of assessing whether the forecast transaction is highly probable and presents an exposure to variations in cash flows that could ultimately affect profit or loss. In determining whether a previously designated forecast transaction in a discontinued cash flow hedge is still expected to occur, the Group assumes that the interest rate benchmark cash flows designated as a hedge will not be altered as a result of interest rate benchmark reform.

Cash flow hedges

When a derivative is designated as a cash flow hedging instrument, the effective portion of the changes in the fair value of the derivative is recognized in other comprehensive income and is accumulated in the cash flow hedge valuation item. The effective portion of the changes in the fair value of the derivative that is recognized in other comprehensive income is limited to the cumulative change in the fair value of the hedged item, determined on a present value basis, from the beginning of the hedge. Any ineffective portion of the changes in the fair value of the derivative is recognized immediately in profit or loss.

For all other hedge forecast transactions, the accumulated amount in the cash flow hedge valuation and the hedge cost is reclassified to results in the same period or periods during which the future expected cash flows covered will affect the result.

A hedging relationship should be discontinued prospectively when it fails to meet the criteria to recognize a hedging relationship, this includes when the hedging instrument is sold, expires, terminates or is exercised, as well as after it has been considered or taken to any rebalancing of the hedging relationship and the hedging relationship is not effective or does not meet the objective of the Group's risk management.

When the hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the cash flow hedge valuation and the cost of coverage remains in the stockholders' equity until it is reclassified to income in the same period or periods in which the expected future cash flows covered affect the result.

If hedged future cash flows are no longer expected to occur, the amounts that have accumulated in the hedge reserve and the cost of the hedge reserve will be immediately reclassified to profit or loss

(d) Transportation equipment and machinery, net-

(i) Recognition and measurement-

Upon initial recognition, the transportation equipment and machinery are recognized at cost. Cost includes expenditures that are directly attributable to the acquisition of the asset. Acquired computer programs that are integral to the functionality of the related fixed assets are capitalized as part of that equipment.

In its subsequent measurement, transportation equipment and machinery are recognized at cost less accumulated depreciation, and less any impairment losses.

When parts of the transportation equipment and machinery have different useful lives, they are recorded as separate components (major components).

Gains and losses on the sale of an item of transportation equipment and machinery are determined by comparing the proceeds from the sale against the carrying value of transportation equipment and machinery and are recognized net in statement of comprehensive income.

(ii) Subsequent costs-

The replacement cost of an item of transportation equipment and machinery is recognized when it is probable that future economic benefits will flow to the Group and its cost can be determined reliably. The carrying value of the replaced part is recorded in the statement of comprehensive income. Repair and maintenance costs are recognized in results as incurred.

(iii) Depreciation-

Transportation equipment and machinery are depreciated from the date they are available for use or, in the case of internally constructed assets, from the date the asset is completed and ready for use.

Depreciation is calculated on the amount susceptible to depreciation, which corresponds to the cost of an asset, less its residual value.

Depreciation is recognized in the statement of comprehensive income using the units produced method (kilometers traveled) for certain tractor-trucks and for the rest of the machinery and equipment the straight- line method is used in accordance with the estimated useful life each time that this better reflects the expected consumption pattern of the future economic benefits included in the asset.

The annual depreciation rates of the principal asset classes are as follows:

Tractor-trucks and personnel transportation equipment	5% to 20%
Platforms and boxes (for tract-trucks)	5% and 15%
Transportation equipment	20% to 25%
Machinery and equipment	10% to 25%
Computer equipment	30%
Telephone equipment	10% and 25%
Building	5%
Storage equipment	10%
Office furniture and equipment	10%
Tracking equipment	10% to 50%
Safety equipment	10%

Leasehold improvements are amortized during the useful period of the improvement or as of the termination of the contract, whichever is lower.

The Group's Management performs economic-financial analyzes to determine the residual value that corresponds to its transportation equipment, and has determined that the residual value is in a range that ranges from 5.5% to 75% of the acquisition cost, depending of the use of assets and the reported historical disposal (sale) value. The group updates its residual value analysis at least once a year.

The transportation equipment used to provide personnel transportation has a residual value of 10%.

Management reviews at the end of each year: the depreciation method, useful lives and residual values, and where applicable, these values are adjusted.

(e) Intangible assets-

Intangible assets with defined useful lives are mainly composed of the recognized customer relationship in a business combination, at its fair value as of the acquisition date, and is amortized in a straight line over its estimated useful life of 10 and 15 years, which was determined based on the historical facts of the permanence that the clients have with the Group.

Intangible assets with indefinite useful life include mainly acquired brands in a business combination, at its fair value as of the combination date less impairment losses.

(f) Goodwill-

Goodwill is measured as the excess of the sum of the consideration transferred in a business combination, over the net of fair value of the assets acquired and liabilities assumed at the acquisition date.

(g) Inventories and cost of sales-

Inventories are measured at cost or net realizable value, whichever is lower. Inventories are mainly represented by fuel, lubricants, and spare parts. The cost of inventories is determined by the acquisition cost method.

Unit cost is determined using the average cost method.

The Group records the necessary allowances for inventory impairment arising from damaged, obsolete or slow-moving inventories or any other reason indicating that the use or realization of the items that are part of the inventory will be lower than the recorded value.

(h) Impairment-

(i) Non-derivative financial assets-

The Group recognizes loss allowances for expected credit losses on:

- financial assets measured at amortized cost.
- debt investments measured at fair value with changes in other comprehensive income; and
- contract assets.

The Group measures the value corrections for an amount equal to the expected credit losses during the life of the asset, except for the following, which is measured at the amount of twelve-month expected credit losses:

- debt instruments that are determined to have low credit risk at the reporting date; and
- other debt instruments and bank balances for which credit risk (i.e. the risk of default occurring during the expected life of the financial instrument) has not increased significantly since initial recognition.

Value adjustments for trade accounts receivable and contract assets are always measured at an amount equal to the expected credit losses over the lifetime.

In determining whether the credit risk of a financial asset has increased significantly since initial recognition by estimating expected credit losses, the Group considers reasonable and sustainable information that is relevant and available without undue cost or effort. This includes quantitative and qualitative information and analysis, based on the Group's historical experience and an informed credit evaluation including that related to the future.

In the case of trade accounts receivable without a significant financing component, the entity may choose as its accounting policy to apply the general model to measure the value correction or always measure the value correction for an amount equal to the expected credit loss during lifetime. The Group has chosen the latter policy.

The Group considers that a financial asset is in default when:

- the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as the execution of the guarantee (if any); or
- the financial asset is 60, 90 or 120 days past due depending on the portfolio and the analysis on the absorbing statement.

Expected credit life losses are the credit losses that result from all possible default events over the expected life of a financial instrument.

The maximum period considered when estimating expected credit losses is the maximum contractual period during which the Group is exposed to credit risk.

Measurement of expected credit losses

Expected credit losses are the probability-weighted average of credit losses. Credit losses are measured as the present value of cash shortages (that is, the difference between the cash flow owed to the entity under the contract and the cash flows that the Group expects to receive).

Under the selected expected loss methodology, provisions are calculated according to the following:

The probability of default (PD) and the severity of loss (LGD) are the result of the application of the statistical model under the simplified method for measuring the impairment of accounts receivable during the life of the instrument (invoice or account by charge). As a result, the loss rate (PD * LGD) is obtained, which must be used to calculate the provisions / reserves applicable for events from the 1st. January 2018.

This quantitative evaluation will be continuous and, if applicable, adjustments will be made to the expected loss rate (impairment) every six months.

Presentation of the correctionof value for expected creditlosses in the statement of financial position.

Value adjustments for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

In the case of debt instruments at fair value with changes in other comprehensive income, the value correction is charged to income and recognized in other comprehensive income.

Write-off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities to comply with the Group's procedures for recovery of amounts due.

(ii) Non-financial assets-

The book value of non-financial assets, other than inventories, must be subject to an analysis of indications of impairment prepared at least once a year during the third quarter of the current fiscal year and / or when there are changes in internal circumstances and / or external that affect the recoverable amount of the cash generating unit. When signs are identified, an impairment study will be carried out (where applicable) to estimate the asset's recovery value.

The recoverable value of an asset or cash-generating unit is the higher between its value in use and its fair value less costs to sell.

When evaluating value in use, estimated future cash flows are discounted to their present value using a pre- tax discount rate that reflects current market assessments of the value of money attributable to the time factor and the risks specific to the asset.

For impairment testing purposes, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

For the purposes of the impairment tests, Goodwill arising from a business combination is allocated to CGUs or groups of CG Us that are expected to benefit from the synergies of the combination. Such distribution is subject to an operating segment ceiling test and reflects the lowest level at which the goodwill is monitored for internal reporting purposes.

Corporate assets do not generate separate cash flows. If there is any indication that a corporate asset is impaired, then the recovery value of the CGU to which the corporate asset belongs is determined.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognized in profit or loss

(i) Employee benefits-

(i) Defined benefit plans--

The Group's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The discount rate is the yield at the reporting date on government bonds that have maturity dates approximating the maturity of the Group's obligations and that are denominated in the same currency in which the benefits are expected to be paid. The calculation is performed annually by a qualified actuary using the projected unit credit method.

The Group recognizes the actuarial gains and losses derived from the defined benefit plans in OCI, in the period in which they accrued.

(ii) Termination benefits-

Termination benefits are expensed when the Group is demonstrably committed, can no longer withdraw the offer of those benefits, with a formal detailed plan to either terminate employment before the normal retirement date or to provide termination benefits as a result of an offer that is made to encourage voluntary resignation. Termination benefits for voluntary retirement are recognized as an expense only if the Group has made an offer of voluntary resignation, it is probable that the offer is accepted, and the number of acceptances can be reliably estimated. If benefits are not expected to be settled wholly within 12 months of the reporting date, then they are discounted.

(iii) Short-term employee benefits--

Obligations for short-term employee benefits are valued on an undiscounted basis and recognized in come of the period in which the services rendered are accrued.

A liability is recognized for the amount expected to be paid under short-term cash bonus or profit sharing plans, if the Group has a legal or assumed obligation to pay such amounts as a result of prior services rendered by the employee, and the obligation can be reliably estimated.

(iv) Employee statutory profit sharing (ESPS)

The ESPS payable in the year is determined in accordance with the tax regulations. Under tax legislation, companies are required to share 10% of their taxable profits to their employees. ESPS is recorded as a general expense.

(j) Provisions-

Based on management´s estimations, the Group recognizes provisions accruals for present obligations that arise because of past events and when Group expects to disburse resources that incorporate economic benefits.

(k) Revenue-

Revenue from ordinary activities is recognizes when it transfers control over a good or service to a customer. Therefore, performance obligations may be satisfied over time and the recognition of their revenue will be made also over time using methods to measure progress towards complete satisfaction of the performance obligation and this can be measured reasonably.

If the performance obligation is not satisfied over time, then it will be done at a point in time. Therefore, the Administration will determine the specific moment in which a client obtains control of a committed asset and therefore a performance obligation is satisfied. The indicators of the transfer of control of the goods and / or services should be considered.

TYPE OF SERVICE	NATURE AND TIMING OF SATISFACTION OF OBLIGATIONS	REVENUE RECOGNITION POLICY
Freight revenues	National and international land freight transportation services and related services, such as loading and unloading maneuvers, storage and any other service previously requested by the client. Invoices are issued as services are rendered and are payable within 30 to 120 days.	Service revenue is recognized over time, when the customer simultaneously receives and consumes the benefits as the services are provided.
Logistics service	Services of warehousing, collection, preparation and loading of merchandise for shipments, in addition to inventory control. Invoices are issued monthly and are usually payable within 120 days.	Service income is recognized as it is rendered.
Income by courier and parcel service	Delivery services, collection and distribution of couriers and parcels of individuals and companies, nationally and internationally. Invoices are issued monthly and are usually payable within 30 days.	Service income is recognized over time, as provided.
Personal Transportation	School transport, personnel and tourist transport services. Invoices are issued monthly and areusually payable within 30 to 90 days.	Transportation service revenue is recognized as it is provided

(l) Finance income and costs-

Finance income consists of interest income on invested funds and highly liquid bank deposits and exchange earnings. Interest income is recognized as incurred.

Financial costs include interest expenses on debt, as well as those corresponding to leases in accordance with IFRS 16, exchange losses, the valuation effect of financial instruments and the financial cost of the defined benefit plan.

(m) Income taxes-

Current tax and deferred tax are recognized in the statement of comprehensive income, except when it relates to a business combination or items recognized directly in equity, as part of the other comprehensive income.

The income tax for the year is determined in accordance with legal and tax requirements, applying the rates of taxes enacted or substantially enacted at the reporting date, and any adjustment to the tax charged in respect of prior years. These tax requirements require calculating the tax result considering the income collected and deductions paid in the year.

Deferred income tax is recorded under the assets and liabilities method, which compares the book and tax values of the Group's assets and liabilities and recognizes deferred income taxes (assets or liabilities) in respect of differences between these values.

Deferred income taxes are not recognized for the initial recognition of assets and liabilities in a transaction that does not affect the accounting or fiscal result, and differences related to investments in subsidiaries and associates as long as the Group can control the reversal date and will likely not be reversed in the foreseeable future.

Deferred taxes are measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be materialized simultaneously.

A deferred asset is recognized for deductible temporary differences, to the extent that it is probable that future taxable income will be available against which it can be applied. Deferred tax assets are reviewed at the reporting date and are reduced to the extent that realization of the related tax benefit is no longer probable.

(n) Prepayments-

Include mainly insurance, security deposits and rents paid in advance that will be received after the date of the statement of financial position and during the normal course of operations. When the terms of the acquisitions and services are over 12 months, the amount that exceeds the established term is presented as non-current assets in the statement of financial position.

(o) Government incentives-

Derived from the main activity of the Group, it is entitled to subsidies, mainly the Government providing for tolls and fuel. Such subsidies are transferred to the Group as a reduction to the income tax. Due to its economic substance, the Company recognizes these subsidies as a decrease from total costs.

(p) Contingencies-

Liabilities or significant losses related to contingencies are recorded when it is probable that its effects are likely to materialize and there are reasonable elements for their quantification. If these reasonable elements do not exist, their disclosure is included qualitatively in the notes to the financial statements. Income, profits, or contingent assets are recognized until there is certainty that they will be realized.

(q) Share-based payment-

The Group established a payment program based on shares of its equity for to certain key executive personnel of the Administration, subject to certain conditions of performance. The cost of the payments is recognized in the general expenses line within the concept of labor cost, with the corresponding application in the equity, in the vesting period (3 years). The details of this plan are mentioned in note 22(d) (i).

(r) Basic earnings per share-

The Group presents information on the basic amount corresponding to its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to common stockholders of the Group between the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

(s) Segment information-

An operating segment is a component of the Group that engages in business activities for which it can earn revenues and incur expenses, which includes revenues and expenses related to transactions with any of the other components of the Group. Inter-segment transactions are determined based on comparable prices to those that would be used with or between independent parties in comparable transactions.

(t) Leases-

At the beginning of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16.

1. Leases.

i.1) Initial measurement

The initial measurement of the right-of-use asset will be determined by the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. If applicable in accordance with the provisions of the lease contract.

The lease liability is measured at amortized cost using the effective interest method which corresponds to the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

The incremental interest rate is defined as the interest rate that a lessee would have to pay to borrow for a similar term, and with similar security, the funds necessary to obtain an asset of similar value to the right-of- use asset in a similar economic environment. The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise fixed payments less any incentive, the amounts expected to be payable under a residual value guarantee and variable lease payments.

i.2) Subsequent measurements

After the commencement date, a lessee will measure its right-of-use asset using the cost model, less depreciation using the straight-line method, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term. In this case, the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment (in accordance with IAS 16) and accumulated impairment losses (in accordance with IAS 36), if any, and adjusted for certain remeasurements of the lease liability.

Subsequent measurement of the lease liability shall include the interest determined less the payments for leases made.

i.3) Modifications to the contract.

A change in the scope of a lease, or consideration for a lease, that was not part of the original terms and conditions (for example, adding or terminating the right to use one or more underlying assets, or extending or shortening the contractual duration of the lease).

A lessee will remeasure the lease liability by discounting the modified lease payments using a modified discount rate and in cases where:

(a) there is a change in the lease term, or
(b) there is a change in the evaluation of an option to buy the asset

The adjustment will be made against the right-of-use asset.

i.4) Short-term leases and low-value asset leases.

The Group has chosen not to recognize rights-of-use assets and lease liabilities for low-value asset leases and short-term leases. The Group recognizes the lease payments associated with these leases as anexpense on a straight-line basis over the lease term.

(u) New currently effective requirements not adopted

New current requirements in the annual periods that began on January 1, 2020:

- Amendments to References to Conceptual Framework in IFRS Standards.
- Definition of a Business (Amendments to IFRS 3).
- Definition of Material (Amendments to /IAS 1 and /IAS 8). Reform of the benchmark interest rate (amendments to IFRS 9, IAS 39 and IFRS 7)

As of December 31, 2020, the new current requirements do not have a significant impact on the Group´s consolidated Financial Statements.

Some standards are effective for annual periods beginning after January 1, 2021, and early application is allowed, however, they have not been applied in advance by the Group in the preparation of these audited consolidated financial statements.

The following modified standards and interpretations are not expected to have a significant impact on the Group´s consolidated financial statements.

Effective date January 1, 2021

- Reform of the benchmark interest rate -Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)

Effective date January 1,2022:

- Onerous contracts- Costs of fulfilling a contract (Amendments to IFRS 37)
- References to the conceptual framework (Amendments to the IFRS 3)
- Annual Improvements to IFRS Standards (Amendments to IFRS 1)

Effective date January 1, 2023:
- Classification of liabilities as current or non-current (Amendments to IFRS 1)

(5) Determination of fair values-

The fair value is the price that would be received for selling an asset or paid for transferring a liability in an orderly transaction between a market participant on the date of measurement of the main market or, in its absence, in the most advantageous market to which the Group has access to the date. The Fair value of liability reflects its default risk.

Some of the Company's accounting policies and disclosures require the determination of fair value for both financial and non-financial assets and liabilities.

When one is available, the Group measures the fair value of an instrument using the price quoted in the active market for that instrument. A market is considered “assets” if the transactions of the assets or liabilities takes place with a frequency and sufficient volume to provide information about pricing on an ongoing basis.

If it does not exist a quoted price on an active market, the group uses valuation techniques that maximize the use of relevant observable input data and minimize the use of non-observable input data. The chosen valuation technique incorporates all the factors that market participants consider when setting the price of a transaction.

If an asset or liability measured at fair value has a buyer price and a seller price, the Group measures long- term assets and positions at a buyer price and liabilities and short positions at a seller price.

a) Call deposits

The fair value of call deposits with original maturities of three months or less from the date of acquisition is similar to the historical cost derived as they are subject to insignificant risks of changes in fair value and are used in accordance with the business model that the Group uses to manage its short- term commitments.

b) Equity Investments

Equity investments are mainly made up of investments in equity securities at fair value. Amounts are initially recorded at fair value and adjustments to the fair value of equity investments are recorded in the income statement, as part of the comprehensive financing outcome. These investments were classified as negotiable financial instruments.

c) Non-derivative financial liabilities-

The fair value of non-derivative financialliabilities is calculated based on the present value of future cash flows of principal and interest, discounted at the market interest rate at the reporting date.

d) Assets acquired in business combinations-

The fair value of the intangible asset in relation to customer relationships was determined through the “multi- period excess earnings” method, which requires a return to each of the tangible and intangible assets that contribute to the generation of income by the intangible asset subject to evaluation.

For the estimation of the fair value of the brand, the “relief from royalty” methodology was used, which considers market royalties comparable to the acquired business transaction.

For property and equipment, the fair value is determined based on quotes considering the price at which the asset would be purchased (“exit price”).

According to the hierarchy of fair value levels, these assets correspond to level 3.

e) Derivative financial instruments-

Derivative financial instruments are measured at fair value with valuation methodologies and inputs accepted in the financial environment. The Group specifically has interest rate swaps, for which the fair value is calculated as the present value of the estimated future net cash flows. Estimates of future floating rate cash flows are based on quoted swaps, future prices, or interbank debit rates. Cash flows are discounted using a yield curve created from similar sources and reflecting the corresponding interbank reference rate used by market participants. The fair value estimate is subject to an adjustment for credit risk that reflects the credit risk of the Group or of the counterparty.

g) Share-based payments

In the transaction of share-based payments settled on equity instruments fair value is determined at the date of grant, this is the date on which the entity confers on the counterparty the right to receive cash, other assets, or from it, subject to compliance, where appropriate, with certain conditions for the irrevocability of the concession

(6) Financial risk management-

The Group is exposed to the following risks from the use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information on the Group’s exposure to each of the aforementioned risks, the objectives, policies and processes of the Group for risk measurement and management, as well as the Group’s capital management. More quantitative disclosures are included in various sections of these consolidated financial statements.

Risk management framework-

Management has overall responsibility for the establishment and supervision of the risk management framework. Management is responsible for the development and monitoring of risk management policies and reports its activities to the Board of Directors on a regular basis.

Risk management policies are established to identify and analyze the risks they face, to establish appropriate limits and controls, and to monitor risks and to enforce limits. Risk management policies and systems are periodically reviewed to reflect changes in market conditions and in Group activities.

The risk management framework applied and the identified risks to which the Group is exposed at the date of preparation of these audited consolidated financial statements is the same as that applied in the preparation of the Group's consolidated financial statements for the years ended, as of December 31, 2020 and 2019.

Credit risk

Credit risk represents the risk of financial loss of the Group, if a customer or counterparty risk of a financial instrument does not comply with its contractual obligations and originates mainly from the accounts receivable and investment instruments available to the Group.

The carrying amount of financial assets represents the maximum exposure to credit risk.

Accounts receivable from customers and other receivables-

The Group's exposure to credit risk is derived mainly by the individual characteristics of each customer. However, Management also considers the demographics of the Group's customer base, which includes the default risk of the industry in which customers operate, as these factors may influence credit risk. The Company's revenues are attributed to sales transactions with different customers. As of the date of these consolidated financial statements there is no significant concentration of sales and accounts receivable in a single customer.

The Management has implemented a credit policy under which each new customer is analyzed individually. The review carried out by the Group includes external ratings, when available, and in some cases bank references.

When monitoring the credit risk of clients, they are grouped according to their credit characteristics, which include geographical location, industry, seniority, etc.

Likewise, as mentioned in note 2, the economic and financial impacts of the appearance of COVID-19 on the main clients of the group are still unknown, however, any unfavorable effect on the general economic environment of the country or in particular for each of our clients will be incorporated into the model for determining the expected loss. As of the date of financial statements, the effects of COVID-19 are not material.

Investments

The Group limits its exposure to credit risk by investing only in liquid values in solid financial institutions, as such, it does not anticipate that any counterparty will default on its obligations. Equity investments are assets that can be settled in cash quickly. These short-term liquid values can be bought or sold on a public stock exchange, or on a public bond exchange. These securities tend to expire in a year or less and can be debt or stocks.

Derivatives

The Group's policy is to contract derivative financial instruments solely to hedge the risk exposure. Derivative financial instruments are currently held to hedge the interest rate risk of the Group's main credit and have been formally recognized as hedging from January 1, 2018, so its initial recognition is at fair value; Any directly attributable transaction costs are recognized in profit or loss as incurred. Subsequent measurements are valued at fair value, and their changes are recognized in OCI. Derivative financial instruments are contracted with counterparties that are rated Aaa according to the rating agency Moody's.

Impairment losses

The following is the classification of accounts receivable from customers according to their aging at the date of the statement of financial position:

		2020		2019	
		GROSS	IMPAIRMENT	GROSS	IMPAIRMENT
Current	$	2,141,474	(10,233)	1,706,167	(20,071)
Past due from none to 90 days		418,894	(2,002)	284,515	(13,836)
Past due from 91 to 120 days		27,239	(130)	27,046	(461)
Past due over 121 days		141,882	(99,243)	84,855	(42,563)
	$	2,729,489	(111,608)	2,102,583	(76,931)

The Group determined its provisions considering the risk level criteria assigned for each company or group of companies and applying the corresponding loss rate, which is distributed in ranges from 0.000270% to 14.2030% for accounts receivable and 100 % for unrecoverable accounts receivable.

The movements of the allowance for doubtful of accounts receivable from customers, is as follows:

		2020	2019
Balance at the beginning of the year	$	76,931	92,918
Increases		56,600	53,733
Applications		(21,923)	(69,720)
Balance at the end of the year	**$**	**111,608**	**76,931**

Liquidity risk-

Liquidity risk represents the possibility that the Group may have difficulties complying with its obligations related to its financial liabilities that are settled through the delivery of cash or another financial asset. The approach to manage liquidity is to ensure, to the extent possible, that it will have enough liquidity to settle its liabilities on maturity.

The Group uses budget control based on cost centers and activities, which helps it monitor cash flow requirements and optimize the cash performance of its investments. Normally, the Group ensures that it has sufficient cash available to cover the expected operating expenses for a period of 15 to 30 days, which includes the payment of its financial obligations; the foregoing excludes the possible impact of extreme circumstances that are not reasonably predictable, such as natural disasters

The following table shows the maturities of financial liabilities, including estimated interest payments and excluding the impact of the netting agreements, customer advances and income taxes:

2020		CARRYING AMOUNT	CASH FLOWS	0-12 MONTHS	1 TO 2 YEARS	MORE THAN 3 YEARS
Debt	$	3,399,488	3,856,585	1,062,255	2,265,806	528,524
Stock debt		2,500,000	4,088,961	226,994	226,994	3,634,972
Lease obligation		1,014,076	1,196,357	389,721	296,667	509,970
Suppliers and accruals		1,516,432	1,516,432	1,516,432	-	-
Other liabilities		108,303	108,303	108,303	-	-
Financial Instruments		40,638	41,738	26,703	15,035	-
Related parties		5,100	5,100	5,100	-	-
	$	**8,584,037**	**10,813,476**	**3,335,508**	**2,804,502**	**4,673,466**

2019		CARRYING AMOUNT	CASH FLOWS	0-12 MONTHS	1 TO 2 YEARS	MORE THAN 3 YEARS
Debt	$	4,785,207	5,598,601	1,673,074	1,231,151	2,694,376
Lease obligation		1,364,945	1,470,493	420,210	472,072	578,211
Suppliers and accruals		958,590	958,590	958,590	-	-
Other liabilities		87,621	87,621	87,621	-	-
Derivate financial instruments		52,213	58,896	22,625	30,739	5,532
Related parties		2,215	2,215	2,215	-	-
	$	**7,250,791**	**8,176,416**	**3,164,335**	**1,733,962**	**3,278,119**

Likewise, as mentioned in note 2, the economic and financial impacts of the appearance of COVID-19 are still unknown and it is not expected that they could significantly affect the company's short-term rights and obligations, since it has the resources to make In addition to these, the Group also has available credit lines that can help mitigate short-term risk.

Market risk-

It is the risk generated by changes in market prices, such as exchange rates and interest rates, which may affect the Group's income. The objective of the Market Risk Management is to manage and control exposures to this risk within reasonable parameters, while optimizing returns.

The Group uses derivatives to manage market risk. All transactions are valued according to the guidelines established by the risk management committee. The group generally seeks to apply hedging accounting to mitigate volatility in results.

Managing interest rate benchmark reform and associated risks

Overview

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates (IBO Rs) with alternative nearly risk-free rates (referred to as 'IBOR reform'). The Group has exposures to IBORs on its financial instruments that will be replaced or reformed as part of these market-wide initiatives. There is uncertainty over the timing and the methods of transition in some jurisdictions that the Group operates in. The Group anticipates that IBOR reform will impact its risk management and hedge accounting.

The risk management committee monitors and manages the Group's transition to alternative rates. The committee evaluates the extent to which contracts reference I BOR cash flows, whether such contracts will need to be amended as a result of I BOR reform and how to manage communication about IBOR reform with counterparties. The committee reports to the Company's board of directors quarterly and collaborates with other business functions as needed. It provides periodic reports to management of interest rate risk and risks arising from I BOR reform.

Currency risk-

Exposure to currency risks –

The Group is exposed to foreign currency risk in its transactions to the extent that there is an asymmetry between the currencies in which sales, purchases and receivables and accounts payable are denominated.

Below is shown the Group´s exposure to currency risks, based on amounts in thousands of US amounts:

		2020	2019
Assets (1)	$	36,722	16,947
Liabilities		(16,134)	(649)
Net assets	**$**	**20,588**	**16,298**

The following exchange rates at the closing and average exchange rates have been applied periods in the preparation of these audited consolidated financial statements:

		AVERAGE	
		2020	2019
US Dollar	$	21.49	19.26

		CLOSING	
		2020	2019
US Dollar	$	19.93	18.87

Sensitivity analysis-

A strengthening of the US dollar against the Mexican peso would have increased the equity and the results of the period in the amounts shown below. This analysis is based on the variations in the currency exchange rate that the Group considers will be reasonably possible at the end of the period of the consolidated financial statements.

The analysis assumes that all other variables, especially interest rates, remain constant.

		CLOSING	
		2020	2019
US Dollar (10% and 30% oscillation, respectively) (1)	$	41,042	92,274

A strengthening of the Mexican peso at December 31, 2020 would have had the same effect, but opposite, in the previous currencies, in the amount shown, on the basis that the other variables remain constant.

(1) During the first months of 2020, the Mexican peso has had a depreciation of 30%, therefore the sensitivity analysis for 2019 was carried out considering that effect in the variation.

Interest rate risk-

Interest rate risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates.

Exposure to interest rate risk-

The exposure to the Group's interest rate risk comes mainly from the amount disposed at the reporting date of the $1,995,608 line of credit in which the cash flows of the interest payable are referenced to the TIIE rate plus a margin. The Group contracted derivative financial instruments, specifically interest rate swaps (IRS), which have been designated and documented as cash flow hedge instruments to mitigate the risk of the variable rate the group applies a coverage rate of 1:1.

All designated hedge relationships as of December 31, 2020 and 2019 meet the criteria for hedge accounting.

The Group determines the existence of an economic relationship between the hedging instrument and the covered item based on reference interest rates, deadlines, interest, and maturity adjustment dates and national or nominal amounts. If a relationship is directly affected by the uncertainty arising from the IBOR Reform, the group assumes for this purpose that the benchmark interest rate is not altered because of the reform of the benchmark interest rate.

The group evaluate whether the derivative designated in each hedging relationship is expected to be effective in offsetting changes in cash flows from hedged items using the hypothetical derivatives method.

The interest rate profile at December 31, 2020 and 2019 of the interest-accruing financial instruments, were as follows:

		2020	2019
Fixed rate:			
Financial liabilities	$	3,696,192	1,490,782
Derivative finaancial instrument		(984,375)	(2,390,625)
	$	**2,711,817**	**(899,843)**
Variable rate:			
Financial liabilities	$	2,804,572	4,277,618
Derivative Financial instruments		984,375	2,390,625
	$	**3,788,947**	**6,668,243**

The Group is exposed to the interest rate risk in the short and long term of this loan, for the part not covered by the derivative financial instruments contracted.

Sensitivity analysis on cash flows

The effective portion of the losses and / or gains of the instruments are recognized directly in Other Comprehensive Results (OCI). The ineffective portion of the coverage is recognized in the Financial Cost.

Sensitivity analysis on cash flows for variable-rate instruments

An increase or decrease in the interest rate considering than the rest of variable rates remain constant, at the end of the year, could affect the valuation of the derivative financial instruments and the debt at variable rate, and their corresponding effects on Capital and Results according as follows:

		2020	2019
Variable Interest Rate (TIIE+ 50pbs)	$	12,036	20,722
Swaps interest rate		10,308	1,207

A. Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities including their levels in the fair value hierarchy:

		2020 CARRYING AMOUNT				FAIR VALUE			
		FAIR VALUE	CASH AND RECEIVABLE ACCOUNTS	OTHER FINANCIAL LIABILITIES	TOTAL	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Financial assets at fair value:									
Equity Investment (FVTPL)	$	126,313			126,313	126,313	-	-	126,313
	$	**126,313**			**126,313**	**126,313**	**-**	**-**	**126,313**
Financial Assets not measured at fair value:									
Cash and cash equivalents	$		1,597,298		1,597,298				
Net Accounts recevaibles			2,617,881		2,617,881				
Related parties			2,762		2,762				
Other net Recevaibles			1,261,525		1,261,525				
	$		**5,479,466**	-	**5,479,466**	-	-	-	-

		2020 CARRYING AMOUNT				FAIR VALUE			
		FAIR VALUE	CASH AND RECEIVABLE ACCOUNTS	OTHER FINANCIAL LIABILITIES	TOTAL	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Financial liabilities not measured at fair value:									
Long-term Debt	-	-	5,899,488	5,899,488	-	6,066,391	-	6,066,391	
Obligations for financial leasing	-	-	1,014,076	1,014,076	-	-	-	-	
Suppliers and provisions	-	-	1,516,432	1,516,432	-	-	-	-	
Creditors	-	-	108,303	108,303	-	-	-	-	
Related parties	-	-	5,100	5,100	-	-	-	-	
	$	-	-	**8,543,399**	**8,543,399**	-	**6,066,391**	**-**	**6,066,391**

Financial liabilities at fair value:									
Derivative Financial instruments	$		40,638	40,638	-	40,638	-	40,638	
	$	**-**	**-**	**40,638**	**40,638**	**-**	**40,638**	**-**	**40,638**

2019									
		CARRYING AMOUNT				FAIR VALUE			
		FAIR VALUE	CASH AND RECEIVABLE ACCOUNTS	OTHER FINANCIAL LIABILITIES	TOTAL	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Financial Assets not measured at fair value:									
Cash and cash equivalents	$		580,503	-	**580,583**	-	-	-	
Net Accounts recevaibles	-		2,025,652	-	**2,025,652**	-	-	-	
Related parties	-		1,249	-	**1,249**	-	-	-	
Other net Recevaibles	-		943,052	-	**943,052**	-	-	-	
	$	**-**	**3,550,456**	**-**	**3,551,356**	**-**	**-**	**-**	**-**
Financial liabilities not measured at fair value:	-	-							
Long-term Debt				4,785,207	**4,785,207**	-	**4,948,613**	-	**4,948,613**
Obligations for financial leasing	-	-		1,364,945	**1,364,945**	-	-	-	
Suppliers and provisions	-	-		958,590	**958,590**	-	-	-	
Creditors	-	-		87,621	**87,621**	-	-	-	
Related parties	-	-		2,215	**2,215**	-	-	-	
	$	-	-	**7,198,578**	**7,198,578**	-	**4,948,613**	-	**4,948,613**

2019									
		CARRYING AMOUNT				FAIR VALUE			
		FAIR VALUE	CASH AND RECEIVABLE ACCOUNTS	OTHER FINANCIAL LIABILITIES	TOTAL	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Financial Assets not measured at fair value:									
Derivative Financial instruments				52,213	52,213	-	52,213	-	52,213
	$			**52,213**	**52,213**	**-**	**52,213**	**-**	**52,213**

B.Measurement of fair values

The following table shows the valuation techniques used to measure level 2 fair values for financial instruments in the financial statements, as well as the significant non- observable input data used..

TYPE	VALUATION TECHNIQUE
Derivative financial Instruments- Interest rate swaps	Swap models: The fair value is calculated as the present value of the estimated future cash flows. Estimates of future floating-rate cash flows are based on quoted swap rates, futures prices and interbank borrowing rates. Estimated cash flows are discounted using a yield curve constructed from similar sources and which reflects the relevant benchmark interbank rate used by market participants for this purpose when pricing interest rate swaps. The fair value estimate is subject to a credit risk adjustment that reflects the credit risk of the Group and of the counterparty; this is calculated based on credit spreads derived from current credit default swap or bond prices.
Significant unobservable inputs	Does not Apply
Inter-relationship between Significant unobservable inputs and fair value measurement	Does not Apply

Financial instruments not measured at fair value

TYPE	VALUATION TECHNIQUE
Bank loans and bond issuance	Discounted cash flows: The valuation model considers the present value of the expected payment, discounted using a risk-adjusted discounted rate.

Equity investment sensitivity analysis (FVTPL)

An increase or decrease in the price of shares considering that the rest of the variables remain constant, at the end of the year could affect the valuation of the negotiable financial instruments affecting the Assets and Results as shown in the following table.

		2020
Price (+10%)	$	12,631
Price (-10%)		(12,631)

Cash flow hedges-

At 31 December 2020, the Group held the following instruments to hedge exposures to changes Interest rates:

INTEREST RATE RISK		1-6 MONTHS	MATURITY 6-12 MONTHS	MORE THAN A YEAR
Interest rate swaps				
Net exposure	$	19,683	17,546	5,655
Average fixed interest rate		8.035%	8.035%	8.035%

At the date of presentation, the amounts related to items designated as hedged items were as shown below:

		2020			
		CHANGE IN VALUE USED FOR CALCULATING HEDGE INEFFECTIVENESS	CASH FLOW HEDGE RESERVE	COSTS OF HEDGING HEDGE RESERVE	BALANCES REMAINING IN THE CASH FLOW HEDGE RESERVE FROM HEDGING RELATIONSHIPS FOR WHICH HEDGE ACCOUNTING IS NO LONGER APPLIED
Rate risk interest:					
Rate instruments variable	$	(27,147)	40,638	-	-

The amounts related to items designated as hedging instruments and hedge effectiveness were as follows

	2020										
		CARRYING AMOUNT									
	NOMINAL AMOUNT	ASSETS	LIABILITIES	LINE ITEM IN THE STATEMENT OF FINANCIAL POSITION WHERE THE HEDGING INSTRUMENT IS INCLUDED	CHANGE IN THE VALUE OF THE HEDGING INSTRUMENT RECOGNIZER IN OCI	HEDGE INEFFEC-TIVENES RECOGNIZED IN PROFIT OR LOS	LINE ITEM IN PROFIT OR LOSS THAT INCLUDES HEDGE INEFFEC-TIVENESS	COSTS OF HEDGING RECOGNIZED IN OCI	AMOUNT FROM COSTS OF HEDGING RESERVE TRANSFERRE D TO COST OF INVENTORY	AMOUNT RECLASSIFIED FROMHEDGING RESERVETO PROFITOR LOSS	LINE ITEM IN PROFIT OR LOSS AFFEC-TED BY THE RECLASSIFI-CATI ON
Interest rate risk											
Swaps interest rate	984,375	-	(40,638)	Derivative financial instruments	(27,147)	-	Financial income (cost)	-	(38,721)	-	Financial income (cost)

The following table presents a reconciliation by the risk category of the components and an analysis of the parts of the other comprehensive income, net of taxes, resulting from the cash flow hedge accounting:

		2020		2019	
		COVERAGE RESERVE	COST OF THE COVERAGE RESERVE	COVERAGE RESERVE	COST OF THE COVERAGE RESERVE
Balance at 1st. From January	$	36,549	-	(28,841)	-
Cash Flow hedges:					
Changes in fair value					
Interest rate risk		27,147	-	93,414	-
Amount reclassified to Results					
Early payment		(38,721)	-	-	-
Deferred		3,472	-	(28,024)	-
Balance as of December 31	**$**	**28,447**	**-**	**36,549**	**-**

Capital management-

The policy of the Board of Directors is to maintain a solid capital base to maintain confidence in the Group of the investors, creditors and market, and to sustain the future development of the business. The Board of Directors monitors the capital yield.

The debt-equity ratio is overseen by the Board as well. The Group's debt-equity ratio at the end of the reporting periods is as follows:

		2020	2019
Total liabilities	$	10,252,151	8,800,614
Cash and cash equivalents		1,597,298	580,503
Net debt	**$**	**8,654,853**	**8,220,111**
Capital stock	$	10,839,395	10,303,725
Ratio of debt to equity	$	0.80	0.80

Risks in the price of diesel-

Effective January 1, 2017, the Mexican Government announced the release of the price of diesel (and gasoline). This release has generated variations that have been recognized in the cost of diesel during the 12 months ended December 31, 2020 and 2019.

The accumulative average public diesel price in the twelve-month period ended December 31, 2020 was $19.60 pesos per liter. The Group carries out a sensitivity analysis based on the changes that the price of diesel could undergo under 2 scenarios (+/- twelve percentage points to the price of diesel).

The result of the analysis indicates that an increase or decrease in the price could affect the gains or losses for the period by $121,743.
In addition to this, a change in the credit factor for the IEPS stimulus could have a direct impact on the cost of fuel and the Group's profitability.

Other market price risk-

Major investments within the portfolio are managed individually and all purchase decisions and sales are approved by the Administration. The Group only invests in liquid funds with high credit ratings.

(7) Cash and cash equivalents-

Cash and cash equivalents are integrated as shown below:

		2020	2019
Cash funds	$	2,394	2,151
Call deposits		577,700	113,235
Cash in banks		**945,263**	**395,826**
Restricted cash (1)		71,941	69,291
Cash and cash equivalents	**$**	**1,597,298**	**580,503**

(1) As of December 31, 2020, and 2019, the Group has restricted cash of $ 71,941 and $69,291 respectively. In accordance with some covenants that the Group has in relation to its main bank credit, a cash reserve fund (restricted cash) is maintained and extended only when certain conditions are met.

Note 6 discloses the Group's exposure to credit risks related to cash and cash equivalents.

(8) Accounts receivable, net

		2020	2019
Accounts receivable	$	2,729,489	2,102,583
Less allowance for doubtful accounts		111,608	76,931
Total accounts receivable	**$**	**2,617,881**	**2,025,652**

Note 6 discloses the Group's exposure to credit risks, foreign exchange and impairment losses related to accounts receivable.

(9) Other receivables-

		2020	2019
Sundry debtors	$	272,596	134,772
Bus operators		15,213	19,998
Officials and employees		12,561	10,869
Other		13,678	14,386
		314,048	180,025
Less allowance for doubtful accounts		43,114	19,673
	$	**270,934**	**160,352**

Note 6 discloses the Group's exposure to credit and currency risks and impairment losses related to other accounts receivable.

(10) Transactions, loans, and balances with related parties-

(a) Compensations to key management-

The key members of the Administration of the Group received the following remunerations and other benefits (share-based plan), which are included in personnel costs (note 22):

		2020	2019
Short-term benefit	$	200,352	185,577
Plan of actions (note 22(d))		179,692	162,410

(b) Transactions with other related parties-

All related parties listed in this note correspond to "related parties", as they are not joint agreements, subsidiaries, partners, or key personnel of the administration.

In the normal course of activities, Grupo Traxión commercial transactions with other related parties, including raw materials and the leasing of real estate.

The operations carried out with other related parties, during the twelve-month period ended December 31, 2020 and 2019, were as follows:

COMPANY	INCOME		2020	2019
Operadora Arrendadora de Vehículos Puli, S. A. de C. V.	Personnel transportation	$	-	840
Pública Entertaiment, S. A. de C. V.	Management Services		1,623	431

COMPANY	EXPENSIVE		2020	2019
Inmobiliaria Albali, S. A. de C. V.	Leasing and other expenses	$	13,498	15,688
Tracto servicios Especializados de Querétaro, S. A. de C. V	Maintenance costs		11,317	11,030
Inmobiliaria Eventus, S. A. de C. V.	Leasing		9,714	9,609
Operadora y Arrendadora de Vehículos Puli, S. A. de C. V.	Personnel transportation		102	143

Balances receivable and payable to related parties (other related parties), as of December 31, 2020 and 2019, are integrated as shown in the next page.

ACCOUNTS RECEIVABLE		2020	2019
Publica Entertainment, S.A de C.V. (1)	$	2,184	805
Operadora y Arrendadora de Vehículos Puli, S. A. de C. V. (1)		477	34
Other related parties (2)		101	410
	$	**2,762**	**1,249**

(1) The receivable does not have specific due date, nor bear interests.
(2) Accounts receivable transactions for services provided that do not have specific due date nor bear interests.

ACCOUNTS PAYABLE		2020	2019
Tracto servicios Especializados de Querétaro, S. A. de C. V.	$	4,289	1,782
Operadora y Arrendadora de Vehículos Puli, S. A. de C. V.		601	324
Other related parties		210	109
	$	**5,100**	**2,215**

The balance payable to related parties and shareholders correspond to current account loans that do not have specific due, nor cause interest.

As of December 31, 2020, accounts receivable and payable between related parties are not guaranteed.

(11) Prepayments-

		2020	2019
Advances to suppliers (1)	$	47,405	39,583
Insurances paid in advance		44,297	45,496
Other expenses paid in advance (2)		34,739	16,209
		126,441	101,288
Advances to suppliers long term (1)		7,380	74,234
Advance payments		114,350	53,918
		121,730	128,152
Total prepayments	**$**	**248,171**	**229,440**

(1) Advances to suppliers are classified according to the destination of the acquisitions.
(2) Corresponds mainly to advertising expenses, bonuses paid in advance, among others.

(12) Transportation equipment and machinery-

During the year ended December 31, 2020, the Group had the following relevant transactions related to transportation equipment and machinery, as shown on the next page.

Additions and disposals

COST		2019	ADDITIONS	DISPOSALS	2020
Personnel transportation equipment	$	5,503,183	539,890	117,990	5,925,083
Tractor trucks		1,968,419	365,797	164,571	2,169,645
Platforms and boxes		907,260	185,084	69,311	1,023,033
Transportation equipment		528,333	44,195	24,883	547,645
Machinery and equipment		155,794	19,484	855	174,423
Improvements to premises		118,032	47,726	21	165,737
Computer equipment		111,462	65,143	996	175,609
Tracking equipment		38,080	12,901	-	50,981
Office furniture and equipment		41,114	8,196	35	49,275
Building		20,509	-	-	20,509
Storage equipment		12,748	68	2,348	10,468
Telephones		5,320	-	-	5,320
Safety equipment		1,312	62	-	1,374
Other assets		26,392	14,918	13,488	27,822
	$	**9,437,958**	**1,303,464**	**394,498**	**10,346,924**

Depreciation

ACCUMULATED DEPRECIATION		2019	ADDITIONS	DISPOSALS	2020
Personnel transportation equipment	$	608,453	417,748	96,410	929,791
Tractor trucks		180,415	269,893	69,964	380,344
Platforms and boxes		424,678	110,966	51,622	484,022
Transportation equipment		146,918	21,873	20,121	148,670
Machinery and equipment		48,690	12,360	-	61,050
Improvements to premises		40,720	14,952	9	55,663
Computer equipment		60,701	34,760	276	95,185
Tracking equipment		8,832	1,075	-	9,907
Office furniture and equipment		9,464	4,974	-	14,438
Building		4,910	1,681	-	6,591
Storage equipment		4,241	-	-	4,241
Telephones		3,203	-	-	3,203
Safety equipment		926	1,075	-	2,001
Other		13,808	5,594	237	19,165
	$	1,555,959	896,951	238,639	2,214,271
Carrying value, net	**$**	**7,881,999**	**406,513**	**155,859**	**8,132,653**

The movements of the items that compose the transportation equipment and machinery for the year 2019, are shown on the next page.

Additions and disposals.

COST		2018	ADDITIONS	DISPOSALS	RECLASSIFICATIONS	2019
Personnel transportation equipment	$	4,575,578	1,148,113	48,458	(172,050)	5,503,183
Tractor trucks		2,812,473	471,799	519,463	(796,390)	1,968,419
Platforms and boxes		932,655	178,661	204,056	-	907,260
Transportation equipment		495,676	51,186	17,782	(747)	528,333
Machinery and equipment		123,888	32,409	503	-	155,794
Improvements to premises		96,954	21,078	-	-	118,032
Computer equipment		82,439	34,838	5,815	-	111,462
Tracking equipment		25,453	15,003	2,376	-	38,080
Office furniture and equipment		24,966	17,188	1,040	-	41,114
Building		20,525	135	151	-	20,509
Storage equipment		12,748	-	-	-	12,748
Telephones		5,320	-	-	-	5,320
Safety equipment		1,037	275	-	-	1,312
Other assets		15,257	11,135	-	-	26,392
	$	**9,224,969**	**1,981,820**	**799,644**	**(969,187)**	**9,437,958**

Depreciation

ACCUMULATED DEPRECIATION		2018	ADDITIONS	DISPOSALS	RECLASSIFICATIOS	2019
Personnel transportation equipment	$	276,474	421,145	67,959	(21,207)	608,453
Tractor trucks		355,274	258,106	167,274	(265,691)	180,415
Platforms and boxes		345,965	108,178	29,465	-	424,678
Transportation equipment		107,483	60,166	20,482	(249)	146,918
Machinery and equipment		38,944	10,067	321	-	48,690
Improvements to premises		37,193	3,527	-	-	40,720
Computer equipment		41,197	24,595	5,091	-	60,701
Tracking equipment		6,369	4,510	2,047	-	8,832
Office furniture and equipment		6,028	3,858	422	-	9,464
Building		3,229	1,681	-	-	4,910
Storage equipment		4,241	-	-	-	4,241
Telephones		3,203	-	-	-	3,203
Safety equipment		1,247	232	553	-	926
Other		13,666	142	-	-	13,808
	$	1,240,513	896,207	293,614	(287,147)	1,555,959
Carrying value, net	**$**	**7,984,456**	**1,085,613**	**506,030**	**(682,040)**	**7,881,999**

Impairment-

During the periods ended December 31, 2020 and 2019, the Group did not recognize any impairment in relation to transportation equipment and machinery.

(13) Goodwill, intangible assets, and other assets-

As of December 31, 2020, and 2019, goodwill is derived from the acquisitions of the entities shown below:

ENTITY		2020	2019
LIPU	$	2,229,351	2,229,351
Bisonte		639,056	639,056
Grupo SID		509,599	509,599
Egoba		368,588	368,588
AFN		295,518	295,518
Redpack		280,780	280,780
	$	**4,322,892**	**4,322,892**

Intangibles and other assets

The movement in the account of intangibles and other assets as of December 31, 2020 are shown below:

COST		2019	ADDITIONS	DISPOSALS	2020
Brands	$	866,706	-	-	866,706
Relationship with customers		589,184	-	-	589,184
Security deposits		26,432	45,468	5,011	66,889
Other assets		88,348	27,730	-	116,078
	$	**1,570,670**	**73,198**	**5,011**	**1,638,857**
Amortization					
Relationship with customers	$	148,282	42,487	-	190,769
Other assets		53,822	7,524	-	61,346
Total	$	202,104	50,011	-	252,115
Net book value	**$**	**1,368,566**	**23,187**	**5,011**	**1,386,742**

The movement in the intangibles and other assets account as of December 31, 2020 is shown below:

Additions and disposals

COST		2018	ADDITIONS	DISPOSALS	RECLASSIFICATIONS	2019
Brands	$	866,706	-	-	-	866,706
Relationship with customers		621,784	-	-	32,600	589,184
Security deposits		24,126	5,620	3,314	-	26,432
Other assets (1)		67,843	20,505	-	-	88,348
	$	**1,580,459**	**26,125**	**3,314**	**32,600**	**1,570,670**
Amortization:						
Relationship with customers	$	108,344	39,938	-	-	148,282
Other assets (1)		24,598	29,224	-	-	53,822
Total		132,942	69,162	-	-	202,104
Net book value	$	**1,447,517**	**(43,037)**	**3,314**	**(32,600)**	**1,368,566**

(1) Mainly incluides software licenses

Goodwill and other intangible assets with indefinite useful lives are reviewed to determine if there are impairments at least once a year. When an impairment test is performed, the recoverable amount is determined with reference to the net present value of the expected future cash flows (value in use) of the corresponding cash-generating unit and the fair value less the cost to sell, the make it bigger.

The recoverable amount of the cash-generating units has been determined based on fair value calculations less disposal costs. These calculations require the use of estimates, including management's expectations of future revenue growth, operating costs, profit margins, and operating cash flows for each cash-generating unit.

If as of December 31, 2020 and 2019, the estimated discount rate used in the calculation of the value in use for each of the CGU's had been 0.5% higher and / or lower than those estimated by Management, the Group would not have either had the need to reduce the values of goodwill, due to impairment.

The key assumptions used in determining the recoverable amount are indicated below. The values assigned to the key assumptions represent management´s assessment of future trends in the relevant industries and are based on external as well as internal sources.

IN PERCENTAGE	2020	2019
Discount rate	11.2%	10.8%
Terminal value growth rate	2.0%	1.5%
Budgeted growth rate of EBITDA growth (average for the next five years)	9.0%	7.0%

(14) Debt-

The long-term debt as of December 31, 2020 and 2019, is as follows:

		2020	2019
Debt securities issued at a fixed annual rate of 8.98% maturing in 2027 (2)	$	2,500,000	-
Simple loan contracted at a compound quarterly TIIE annual rate plus a variable marging maturing in 2023		1,382,655	1,462,500
Simple loan contracted at a compound quarterly TIIE annual rate plus a variable marging maturing in 2023 (1)		602,991	-
Simple loan contracted at a compound quarterly TIIE annual rate plus a variable marging maturing in 2023 (2)		-	1,680,333
Simple loan contracted at an annual rate of 8.14% maturing in 2025.		248,292	-
Simple credit line contracted at an annual TIIE rate plus 1.95 percentage points maturing in 2022.		232,142	275,000
Carried forward	$	4,966,080	3,417,833
Brought forward	$	4,966,080	3,417,833
Simple credit line contracted at an annual TIIE rate plus 2.00 percentage points maturing in 2026.		226,618	69,783
Simple loan contracted at an annual rate of 8.14% maturing in 2026		217,624	-
Revolving credit contracted at an annual TIIE rate plus 1.50 percentage points maturing in 2023.		200,000	-
Simple loan contracted at an annual rate of 8.14% maturing in 2024.		103,993	-
Revolving credit contracted at an annual TIIE rate plus 1.70 percentage points maturing in 2024.		80,000	200,000
Revolving credit contracted at an annual TIIE rate plus 1.70 percentage points maturing in 2021.		24,760	-

Revolving credit contracted at an annual TIIE rate plus 1.80 percentage points maturing in 2021.	10,000	-
Pledge loan contracted at a rate of 11.0% maturing in 2022.	9,343	17,145
Pledge loan contracted at a rate of 11.0% maturing in 2022.	8,493	15,587
Simple loan contracted at an annual rate of 9.2% maturing in 2021.	2,784	-
Pledge loan contracted at a rate of 10.0% maturing in 2021.	780	8,404
Revolving credit contracted at an annual TIIE rate plus 1.90 percentage points maturing in 2020.	-	200,000
Simple credit line contracted at an annual TIIE rate plus 1.90 percentage points maturing in 2020.	-	190,000
Simple credit line contracted at an annual rate of 9.95% maturing in 2023	-	122,977
Simple loan contracted at an annual rate of 10.21% maturing in 2024	-	163,048
Simple loan contracted at an annual rate of 10.70% maturing in 2024	-	85,711
Simple credit line contracted at an annual rate of 10.10% maturing in 2023	-	23,878
Simple credit line contracted at an annual rate of 9.90% maturing in 2023	-	14,667
Simple credit line contracted at an annual rate of 10.07% maturing in 2023	-	14,512
Simple credit line contracted at an annual rate of 10.08% maturing in 2023	-	14,016
Simple credit line contracted at an annual rate of 9.86% maturing in 2023	-	11,491
Pledge loan contracted at a rate of 11.0% maturing in 2022.	-	7,214
Pledge loan contracted at a rate of 11.0% maturing in 2021.	-	5,371
Pledge loan contracted at a rate of 9.20% maturing in 2021.	-	3,519
Simple credit line contracted at an annual rate of 9.95% maturing in 2020	-	31
Simple credit line contracted at an annual rate of 8.1% maturing in 2020	-	20
Unpaid accrued interest	69,844	-
Transaction costs	(20,831)	-

	2020	2019
Book value of debt	5,899,488	4,785,207
Current maturities	1,026,541	1,307,385
Long-term equity debt	2,500,000	-
Long-term debt, excluding current maturities and equity debt securities	**2,372,947**	**3,477,822**

(1) The Group made the disposal at the end of March of the committed credit line of $1,000 million pesos of the syndicated loan, with an interest rate of TIIE at 28 days, plus a margin that will oscillate between 200 and 315 basis points, and whose quarterly calculation will depend on the ratio of total debt over profit before financial costs, taxes depreciation and amortization (EBITDA for the last twelve months) of the Group.

(2) On September 11, 2020 the Group issued $2,500,000 million pesos in unsecured stock certificates for a term of seven years, at an annual gross interest rate of 8.98% the foregoing based on a program for up to 10,000 million mexican pesos. With these resources, the Group made different prepayments of liabilities during the 3rd and 4th quarters of 2020, including the first drawdown of the syndicated loan, these operations are part of the liability substitution plan.

The detail of the debt balance as of December 31, 2020 and 2019 is shown below, identifying the items that represent cash flow:

TOTAL DEBT	BEGINNING BALANCE 2019	LOANS RECEIVED	COST OF DEBT ISSUANCE	PAYMENTS OF PRINCIPAL	INTEREST PAID	TOTAL, CASH TRANSACTION	ACCRUED INTEREST	AMORTIZATION OF DEBT COSTS	ENDINGBALANCE 2020
	4,785,207	6,596,764	(23,106)	(5,576,169)	(436,081)	5,346,615	506,830	46,043	5,899,488

TOTAL DEBT	BEGINNING BALANCE 2018	LOANS RECEIVED	PAYMENTS OF PRINCIPAL	INTEREST PAID	TOTAL, CASH TRANSACTION	ACCRUED INTEREST	ENDING BALANCE 2019
	4,215,350	3,857,654	(3,315,189)	(506,155)	4,251,660	533,547	4,785,207

This credit (the original and its subsequent provisions) establishes certain restrictive covenants, among which are:

- limitations on the transfer title of its assets (including, without limitation, fixed assets, or securities of any subsidiary),
- limitations on participation in acquisitions, spin offs or mergers,
- not to reduce the Group's equity.
- insurances on the property and equipment,
- maintain certain financial measurements,
- not to grant any type of loan or credit, with or without guarantee, except for loans or credits between Grupo Traxión and the jointly obligors.
- not to pay dividends or make distributions in cash or in kind to its shareholders,
- not to contract, or allow any of its subsidiaries to contract, debt (including the granting of encumbrances that guarantee it) for a total amount that implies the breach of any of the financial obligations in the contract.
- not assume or guarantee obligations of third parties, except for the obligations under this agreement.

Also, as shown in note 7, the Group shall maintain and expand a cash reserve fund was established in its credit agreement.

As of December 31, 2020, and 2019, all covenants have been met.

As of December 31, 2020, the entities Egoba, GM, Group, SID, AFN, Lipu and Bisonte are guarantors of the main bank loan that the Group has.

(15) Suppliers-

The Group's main costs correspond to diesel and gasoline, which represents 17.83% and 26.42% of total costs for the periods ended December 31, 2020 and 2019, respectively. The rest of the supplies are provided by various suppliers.

Note 6 discloses the Group's exposure to exchange rate and liquidity risk related to suppliers.

(16) Other taxes-

		2020	2019
Other taxes and duties	$	266,793	232,024
Value added tax		426,313	350,282
	$	**693,106**	**582,306**

(17) Employee benefits-

		2020	2019
Present value of unfunded obligations	$	108,228	75,027
Recognized liability for defined benefit obligations	$	**108,228**	**75,027**

Movements in the present value of defined benefit obligations (DBO)

		2020	2019
DBO as of January 1	$	75,027	60,886
Current service labor cost		32,204	28,414
Financial cost		4,245	4,226
Actuarial gain		6,287	(1,011)
Payments during the period		(9,535)	(17,488)
DBO as of December 31	**$**	**108,228**	**75,027**

a) Recognized expense on results

		2020	2019
Current service labor cost	$	32,204	28,414
Financial cost		4,245	4,226
	$	**36,449**	**32,640**

Actuarial losses recognized in the comprehensive income account

		2020	2019
As of January 1,	$	1,932	1,224
Recognized during the exercise		(6,287)	1,011
Deferred income tax		1,886	(303)
As of December 31,	**$**	**(2,469)**	**1,932**

b) Actuarial assumptions

The actuarial assumptions at the dates of the consolidated financial statements are shown below:

	2019	2019
Discount	6.50%	7.20% to 7.39%
Salary increase	5.50% a 5.80%	4.0% to 6.50%
Minimum salary increase	5.00% a 5.20%	3.86% to 6.50%
Inflation rate	3.15%	2.83%

Assumptions about future mortality are based on published statistics and mortality tables. At present, the retirement age in Mexico is 65 years.

The calculation of the defined benefit obligation is sensitive to the mortality assumptions indicated above.

c) Sensitivity analysis

The possible variations at the reporting date, in one of the most significant actuarial assumptions, and assuming that the rest of the variables remained constant, would have affected the defined benefit obligations as of December 31, 2020 and 2019, in the amounts shown below:

2020		INCREASE	DECREASE
Discount rate (1% variation)	$	(4,601)	4,944

2019		INCREASE	DECREASE
Discount rate (1% variation)	$	(3,654)	3,601

(18) Provisions and employee participation in profit-

2020		WAGES AND SALARIES	COST OF SERVICES	OTHER PROVISIONS	TOTAL PROVISIONS	ESPS
Opening balances	$	118,890	271,917	16,585	407,392	66,698
Additions		526,579	977,413	224,420	1,728,412	69,392
Payments		467,280	925,627	165,937	1,558,844	55,298
Ending balances	$	178,189	323,703	75,068	576,960	80,792

The Group expects the settlement of these obligations will be carried out during the next year.

2019		WAGES AND SALARIES	COST OF SERVICES	OTHER PROVISIONS	CONTINGENT CONSIDERATION	TOTAL PROVISIONS	ESPS
Opening balances	$	71,969	149,556	24,654	180,000	426,179	46,491
Additions		1,183,880	321,169	41,193	-	1,546,242	72,508
Payments		1,136,959	198,808	37,262	159,807	1,532,836	52,301
Cancellations		-	-	12,000	20,193	32,193	-
Ending balances	**$**	**118,890**	**271,917**	**16,585**	**-**	**407,392**	**66,698**

(19) Leases-

The Group leases warehouses, courtyards and point of sale facilities to the general public, the latter related to courier and parcel services, as well as other types of assets, and recognizes the effects of the amortization of the rights of use and the component financial statement in the results of the period. To calculate the leases, the Group used a weighted average incremental rate of 10.78% per annum. Leases are typically for a period of two years, with the option to renew the lease after that date.

Likewise, the Group, as part of its operation, leases, real estate, tractors, tortons, boxes and other assets, the average term of the leases is 3 years, some of the contracts establish annual increases based on the NPCI and on some occasions they have restrictions for the cancellation of these.

The group decided not to recognize the right-of-use asset and the corresponding lease liability for those lease contracts of less than one year or of little value in accordance with the Group's policies.

The composition of the right-of-use asset and the lease liability are shown below:

i. Right of use assets.

2020		REAL ESTATE	TRANSPORTATION EQUIPMENT	TRACTOR TRUCKS AND BOXES	OTHER ASSETS	TOTAL
Balance as of January 1	$	360,730	159,140	810,558	-	1,330,428
Depreciation		240,747	2,916	125,474	247	369,384
Additions		290,411	690	75,262	2,961	369,324
Cancellations		27,462	-	103,583	-	131,045
Balance as of December 31	$	**382,932**	**156,914**	**656,763**	**2,714**	**1,199,323**

2019		REAL ESTATE	TRANSPORTATION EQUIPMENT	TRACTOR TRUCKS AND BOXES	TOTAL
Balance as of January 1	$	414,787	192,525	519,879	1,127,191
Depreciation		230,784	11,167	54,324	296,275
Additions		249,770	4,080	345,003	598,853
Cancellations		73,043	26,298	-	99,341
Balance as of December 31	$	**360,730**	**159,140**	**810,558**	**1,330,428**

As of December 31, 2020, and 2019, there are rights-of-use assets acquired through leases previously classified as financial leases for $806,337 and $962,179, net of accumulated depreciation, which are kept as guarantee of payment of such financing.

ii. Lease liability

2020		INMUEBLES	EQUIPO DE TRANSPORTE	TRACTOS Y CAJAS	TOTAL
Short term lease liability	$	178,885	26,268	106,798	311,951
Long term lease liability		230,420	58,918	412,787	702,125
Total lease liability	**$**	**409,305**	**85,186**	**519,585**	**1,014,076**

2019		REAL ESTATE	TRANSPORTATION EQUIPMENT	TRACTOR TRUCKS AND BOXES	TOTAL
Short term lease liability	$	169,525	33,041	195,152	397,718
Long term lease liability		199,817	112,778	654,632	967,227
Total lease liability	$	**369,342**	**145,819**	**849,784**	**1,364,945**

As of December 31, 2020 and 2019 there are short-term lease liabilities acquired through leases that were classified as finance leases before the entry into force of IFRS 16 for $130,908 and $223,440 respectively, as well as liabilities for long-term leases acquired through leases that were classified as finance leases before the entry into force of IFRS 16 for $470,368 and $759,753.

	BEGINNING BALANCE 2019	LEASE PAYMENTS	INTEREST PAID	TOTAL CASH TRAN-SACTION	ACCRUED INTEREST	NEW LEASES ENTERED INTO	EARLY CANCELLA-TION OF LEASES	ENDING BALANCE 2020
LEASE LIABILITIES	1,364,945	(689,857)	(90,791)	584,298	128,739	369,325	(68,285)	1,014,076

	BEGINNING BALANCE 2019	LEASE PAYMENTS	INTEREST PAID	TOTAL CASH TRANSACTION	ACCRUED INTEREST	NEW LEASES ENTERED INTO	EARLY CANCELLATION OF LEASES	ENDING BALANCE 2020
LEASE LIABILITIES	1,459,112	(603,057)	(146,520)	709,535	155,898	598,853	(99,341)	1,364,945

iii. Amounts recognized in the income statement

2020		INCREMENTO	DISMINUCIÓN
Interest of lease liabilities	$	128,739	155,898
Lease expense related to less than one-year leases		3,257	5,153
Profit on "sale & leaseback" transaction		20,256	6,278

iv. Amounts recognized in the statement of cash flows

2020		INCREMENTO	DISMINUCIÓN
Cash outflows for leasing (1)	$	693,114	608,210

(1) Includes payment for finance leases, previously presented as leases that were classified as finance leases before the entry into force of IFRS 16 for $419,282 and $338,193 in 2020 and 2019, respectively. And payments for leases of less than one year and/ or of little value.

v. Expansion options

Some property leases contain extension options that can be exercised by the Group up to one year before the end of the non-cancellable period of the contract. When practicable, the Group seeks to include expansion options in new leases in order to provide operational flexibility.

The expansion options maintained are exercisable only by the Group and not by the lessors. The Group evaluates on the lease start date whether there is reasonable certainty of exercising the extension options. The Group revalues if it has reasonable certainty to exercise an extension option if there is a significant event or change in circumstances within its environment

The initial measurement of the right-of-use asset is determined by the initial measurement of the lease liability.

In the transition to the new standard, the Group chose to apply the new definition of leases to all its contracts. The right-of-use asset depreciates considering the lease term.

The lease liability corresponds to the present value of the lease payments that have not been paid on that date and is discounted using an interest rate implicit in the lease, if the entity cannot be easily determined using the incremental interest rate.

Under the context of the economic and health crisis derived from COVID-19 the administration has renegotiated the conditions of some leases and consequently, the liabilities have been recalculated.

Among the payments for leases that the entity considers are fixed payments less any incentive, as well as the amounts expected to be paid as guarantee of the residual value.

During the years 2020 and 2019, the (subsidiary Transportadora Egoba, SA de CV) carried out a "sale & leaseback" operation that consisted of the sale of 136 boxes in 2020 and 104 tractors and 170 boxes, during 2019 for their subsequent lease with an average term of 5 years, the amount of the asset for the right of use and the liability for the initial lease recognized for this transaction was $ 75,262 and $ 301,139, respectively.

(20) Deferred tax assets and liabilities-

The consolidated financial position (asset or liability) is based on the sum of each legal entity included in the consolidation, due to the tax effects, they cannot be netted or compensated between the different entities, since there is no legal mechanism that allows such compensation.

a) Deferred tax assets (and liabilities)

		2020	2019
Transportation equipment and machinery	$	(722,783)	(649,292)
Intangible assets		(400,027)	(469,645)
Right-of-use assets		(359,797)	(399,128)
Accounts receivable and allowance for doubtful receivables		(617,560)	(135,284)
Other receivables		(30,379)	(39,650)
Inventories		1,327	452
Prepayments		32,518	7,076
Benefit obligations		26,531	12,905
Advances from customers		41,299	18,266
Employee statutory profit sharing		6,964	19,905
Other assets		(29,265)	29,851
Other liabilities		161,588	50,275
Accruals		186,432	109,620
Suppliers		591,544	233,562
Lease obligations		304,223	409,484
Net operating loss carryforwards		438,622	459,470
	$	**(368,763)**	**(342,133)**

As of December 31, 2020, a deferred tax liability was generated for temporary differences related to investments in subsidiaries. However, this liability was not recognized because the Group controls the dividend policy of its subsidiaries, that is, the Group controls the timing of the reversal of the corresponding imputed temporary differences and Management is satisfied that they will not be reversed in the future.

b) Movements in temporary differences during exercises

		2019	RECOGNIZED IN EARNINGS	OCI	2020
Property and equipment	$	(649,292)	(73,491)	-	(722,783)
Intangible assets		(469,645)	69,618	-	(400,027)
Assets for right of use		(399,128)	39,331	-	(359,797)
Accounts receivable and accounts recevaible impairment		(135,284)	(482,276)	-	(617,560)
Other receivables		(39,650)	9,271	-	(30,379)
Inventories		452	875	-	1,327
Advance payments		7,076	25,442	-	32,518
Laboral Obligations		12,905	11,740	1,886	26,531
Advance customers		18,266	23,033	-	41,299
Employee statutory profit sharing		19,905	(12,941)	-	6,964
Other assets		29,851	(59,116)	-	(29,265)
Other liabilities		50,275	114,785	(3,472)	161,588
Provisions		109,620	76,812	-	186,432
Suppliers		233,562	357,982	-	591,544
Lease liabilities		409,484	(105,261)	-	304,223
Tax Loss		459,470	(20,848)		438,622
	$	**(342,133)**	**(25,044)**	**(1,586)**	**(368,763)**

		2019	RECOGNIZED IN EARNINGS	BUSINESS ACQUISITIONS	OCI	2020
Accounts receivable and allowance for doubtful rec.	$	(301,364)	166,080	-	-	(135,284)
Other receivables		(36,433)	(9,266)	6,647	-	(39,052)
Inventories		480	(28)	-	-	452
Advance payments		3,288	3,788	-	-	7,076
Property and equipment		(401,962)	(247,330)		-	(649,292)
Net operating losses		353,353	106,117	-	-	459,470
Intangible assets		(532,139)	62,494	-	-	(469,645)
Other		18649	11,203	-	-	29,852
Advance customers		2,571	15,695	-	-	18,266
Suppliers		192,295	41,267	-	-	233,562
ESPS		8,598	10,884	-	-	19,482
Provisions		73,348	36,272	-	-	109,620
Benefit obligations		5,715	7,493	-	(303)	12,905
Other liabilities		8,445	2,133	21,853	28,024	60,455
	$	**(605,156)**	**206,802**	**28,500**	**27,721**	**(342,133)**

In assessing the recoverability of the deferred tax assets, Management considers the probability that some or all of them may not realize.

The final realization of the deferred income tax assets depends on the generation of taxable income in the periods in which temporary differences will be deductible.

In conducting this assessment, Management considers the expected reversal of deferred tax liabilities, projected taxable earnings, and planning strategies. Certain deferred tax assets have not been recognized with respect to tax losses, as it is probable that sufficient tax profits will not be available to apply such losses.

As of December 31, 2020, and 2019, the amount of tax losses is $1,618,660 and $1,788,975, respectively, with a potential impact on taxes of $485,598 and $536,692, and their expiration date ranges from 2021 to 2030, (including unrecognized tax losses).

The deferred tax assets that have not been recognized in the Group´s consolidated financial statements are shown below:

		DECEMBER 31	
		2020	2019
Tax loss carryforwards	$	46,976	77,222

(21) Tax on earnings (Income Tax (IT))-

As of December 31, 2020 and 2019, some subsidiaries are subject to income tax under the conditions set forth it the "current coordinated tax regime", which, like the "simplified tax regime" in force at December 31, 2013, is applicable to companies engaged on freight transportation services. Tax law establishes that an entity is engaged on freight transportation services, when no more than 10% of its total revenue comes from different sources than freight transportation services. The coordinated tax regime establishes that the tax basis for income tax is determined on revenue collected less deductions paid as well as the simplified tax regime.o.

According to the current IT Law, it establishes a rate of 30% for 2014 and thereafter.

a) Tax on earnings

		DECEMBER 31	
		2020	2019
Current IT	$	315,731	284,844
Deferred IT		25,044	(206,802)
	$	**340,775**	**78,042**

IT recognized directly in the comprehensive income account -

		2020		
		GROSS	TAX	NET OF TAX
Actuarial losses	$	(6,287)	1,886	(4,401)
Derivative financial instruments		11,574	(3,472)	8,102

		2019		
		GROSS	TAX	NET OF TAX
Actuarial losses	$	1,011	(303)	708
Derivative financial instruments		93,414	(28,024)	65,390

b) Reconciliation of the effective tax rate

		2020	2019
Profit before income taxes	$	1,001,795	526,869
Computed "expected" tax expense		300,539	158,061
Effects of inflation, net		(17,716)	18,694
Non-deductible expenses		87,922	67,725
Recognition of deferred assets		(45,192)	(138,442)
Other, net		15,222	(27,996)
IT expense	$	**340,775**	**78,042**

(22) Stockholders' equity-

The principal characteristics and structure of Stockholders' equity are described below:

a) Structure of capital stock-

At December 31, 2020 and 2019, the capital stock subscribed and paid is $8,930,167 represented by 543,478,261 shares of Series "A", class "I", which are ordinary shares without par value, fully subscribed and paid. In addition, there are 36,730,910 treasury shares, not including the effect of the share repurchases carried out by the Group on the same date and corresponding to 41,257,267 shares.

The Group´s shares began trading on the Mexican Stock Exchange ("BMV") by September 29, 2017 and may be subscribed for or acquired by investors of Mexico or Mexican companies in whose bylaws contain the foreigners´ exclusion clause.

b) Nature and purpose of reserve-

In accordance with the General Corporations Law, the net profit for the year is subject to a separation of 5%, to constitute the legal reserve, until it reaches one fifth of the share capital. As of December 31, 2020, the legal reserve amounts to $ 67,272, which has not reached the amount required by the General Corporations Law.

(c) Repurchase of shares-

At the shareholders' meeting held on April 27, 2018, the maximum amount that Grupo Traxion could allocate for the repurchase of shares was authorized. For the period from January 1, to December 31,2020 and 2019, the amount traded for the repurchase of shares was $244,189 and $255,955 corresponding to 17,401,638 and 18,550,740 titles respectively.

As of December 31, 2020, and 2019, treasury shares from share repurchases amount to 41,257,267 and 23,855,629 shares, respectively.

(d) Other capital accounts-

(i) Share based payments-

During 2019, the Group offered some of its key executive members compensation based on the company's shares, the amount of which is subject to the share price and subject that the members remain with of the company for at least 3 consecutive years, beginning when the date the initial public offering was carried out.

The fair value of the shares on the date the plan was granted was $14.37 pesos. The same plan contemplates the possibility for group executives to participate in the company's stock compensation program in which a portion of the variable compensation may be settled in shares.

The key terms and conditions for the program concessions are shown below:

In the general plan there are assignment conditions with service periods of up to 3 years and complying with market conditions regarding the value of the share.

The expense recognized in results for the years ended December 31, 2020 and 2019 was $125,384 and $90,000 respectively.

On September 4, 2017, at an ordinary general shareholders' meeting, an increase in the variable part of the share capital was approved, among other issues, through the issuance of shares, which were considered for the share-based payment plans of its capital, granted to certain Group executives. These plans are subject to an award period of 36 (thirty-six) months from the date the shares were assigned.

As of December 31, 2020, and 2019, a total of $ 54,308 and $72,410 respectively. The group acquired 3,866,699 shares in 2020 and 3,777,389 shares in 2019 for an amount of $60,432 and $53,918 respectively.

The group acquired 3,866,699 shares in 2020 and 3,777,389 shares in 2019 for an amount of $60,431,573 and $53,918,495 respectively. That the employees were not released on those dates.

As of December 31, 2020, and 2019, the effect recognized in other capital accounts is $ 490,173 and $ 375,035 respectively.

e) Actuarial gains and losses-

This account represents the accumulated amount, net of deferred income taxes, from changes in actuarial assumptions used in the calculation of labor obligations (note 18).

f) Valuation effect of derivative financial instruments-

Derived from the valuation of the period of the derivative financial instruments designated as accounting hedge (note 26).

(23) Total Costs

		2020	2019
Labor cost	$	1,936,406	1,928,381
Diesel and gasoline (1)		1,811,912	2,288,377
Depreciation and amortization		1,060,499	1,025,211
Logistics services		1,038,808	563,137
Parcel and logistics costs		1,035,252	161,514
Maintenance of truckse		695,554	684,463
Transportation and freight		658,613	386,393
Tolls (2)		614,654	554,178
Fixed costs		534,948	505,690
Insurance		176,904	197,533
GPS		50,409	46,700
Leasing		11,454	16,506
Other (3)		536,696	303,778
	$	**10,162,109**	**8,661,861**

(1) Include an income of $714,272 and $637,305 of tax subsidy for IEPS tax as at December 31, 2020 and 2019.

(2) Include $ 43,543 and $ 114,536 for tax incentives for highways as of December 31, 2020 and 2019. As of January 1, 2020, this tax incentive will only be applicable to companies whose income is less than 300 million pesos.

(3) It mainly includes mainly costs and inspections, facility security, general services such as telephone, electricity, maintenance of operating facilities, etc.

(24) General expenses-

		2020	2019
Labor cost	$	1,443,160	1,297,182
Depreciation and amortization		276,201	271,277
Administrative fees		188,612	177,690
Software cost		48,601	54,860
Travel expenses		40,670	57,427
Non-deductible		39,751	12,190
Fees and subscriptions		19,932	23,287
Maintenance		16,814	12,228
Security		14,795	21,689
Bank commissions		13,767	5,215
Advertising		11,956	30,970
Office supplies		9,092	8,756
Insurance		8,694	14,274
Taxes		5,675	11,308
Leasing		3,257	21,336
Other (1)		252,874	288,336
Total expenses	**$**	**2,393,851**	**2,308,025**

(1) Includes expenses such as recruitment and selection of personnel, training, dining room expenses, telephone, office supplies, insurance and claims, among others.

(25) Other income, net-

Other income and other expenses for the years ended December 31, 2020 and 2019 are shown below:

		2020	2019
(loss) gain on sale of machinery and equipment	$	(31,066)	36,391
Other miscellaneous income (1)		58,568	102,645
Total other income, net	**$**	**27,502**	**139,036**

(1) Mainly includes recovery of insurance expense, dining room recovery and damage recovery income.

(26) Financial instruments and hedging operations-

a) Derivatives for hedging purposes.

The Group has implemented a policy of using derivative financial instruments, which establishes that the objective of the strategy for contracting such instruments is to minimize the exposure to financial risks of assets and liabilities, attributable to the movements of various variables macroeconomic. And it is done exclusively for risk coverage purposes and not for speculative purposes.

The Group evaluates hedging relationships applying the concept of critical terms, due to the characteristics of the primary position (Loan, (initial provision) and a subsequent provision) and the derivative financial instruments (swaps) have been contracted with the same counterparty with which the credit is held, therefore they are aligned in terms of amount, reference rate, periodicity and payment schedule.

As of December 31, 2020 and 2019, the derivative financial instruments held by the Group are shown in the following table:

DERIVATIVE INSTRUMENT	NOTIONAL	UNDERLYING ASSET		FAIR VALUE		COLLATERAL, LINES OF CREDIT / SECURITIES IN WARRANTY
		DECEMBER 31, 2020	DECEMBER 31, 2019	DICIEMBRE 31, 2020	DICIEMBRE 31, 2019	
Interest rate swap with Santander at 7.95% fixed rate	-	7.56/ TIIE 28 days	8.60/ TIIE 28 days	-	(8,494)	Solidarity Obligator
Interest rate swap with Banorte at 7.95% fixed rate	-	7.56/ TIIE 28 days	8.60/ TIIE 28 days	-	(8,494)	Solidarity Obligator
Interest rate swap with HSBC at 7.95% fixed rate	-	7.56/ TIIE 28 days	8.60/ TIIE 28 days	-	(8,437)	Solidarity Obligator
Interest rate swap with Santander at 8.035% fixed rate	328,125	7.56/ TIIE 28 days	8.60/ TIIE 28 days	-	(8,537)	Solidarity Obligator
Interest rate swap with Banorte at 8.035% fixed rate	328,125	7.56/ TIIE 28 days	8.60/ TIIE 28 days	(13,494)	(8,913)	Solidarity Obligator
Interest rate swap with HSBC at 8.035000% fixed rate	328,125	7.56/ TIIE 28 days	8.60/ TIIE 28 days	(13,454)	(8,871)	Solidarity Obligator
Total		**984,375**		**(40,638)**	**(52,213)**	

	BEGINNING BALANCES 2018	SETTLEMENT CHARGE OF IFD	TOTAL CASH TRANSACTIONS	CHANGES IN FAIR VALUE RECOGNIZED IN ORI	RECLASSIFIED AMOUNT OF THE HEDGE RESERVE TO RESULTS.	ENDING BALANCES 2019
TOTAL IFD	41,201	20,236	61,437	(93,414)	(20,236)	(52,213)

	BEGINNING 2019	SETTLEMENT CHARGE OF IFD	TOTAL CASH TRANSACTIONS	CHANGES IN FAIR VALUE RECOGNIZED IN ORI	RECLASSIFIED AMOUNT OF THE HEDGE RESERVE TO RESULTS	ENDING BALANCES 2020
TOTAL IFD	(52,213)	(48,209)	(100,422)	(27,147)	86,931	(40,638)

b) Current investment

		2020
Negotiable Financial Instruments (NFI)		
Equity investments (FVTPL)	$	126,313
Total negotiable financial instruments	**$**	**126,313**

As of December 31, 2020, the portfolio consisted of shares of two issuers in foreign securities market. The operations are contracted and settled through Banco Actinver and Grupo Financiero Ve por más, who in addition, through the monthly account statements provide the market price of the shares and the fair value of the investment.

(27) Contingent liabilities-

a) Insurance-

The Group has contracted insurance coverage for damages to third parties for its tractor-trucks, as well as different risks coverage such as civil liability, insurance of major medical expenses and life insurance, mainly. The Group's risk management considers performing periodic risk assessments against hedges in order to maintain an acceptable level of risk exposure whose impact does not have an adverse effect on the Group's operations.

(b) Litigation-

The Group is involved in various suits and claims arising from the normal course of its operations, which are expected to have no material adverse effect on its financial position and future results of operations.

(c) Employee benefits-

There is a contingent liability arising from the labor obligations mentioned in note 4(i).

(d) Tax contingencies-

In accordance with Mexican tax law, the tax authorities are empowered to examine transactions carried out during the five years prior to the most recent income tax return filed. In the event that the authorities revise the prices and reject the determined amounts, they may demand, in addition to the collection of the tax, fines on the omitted contributions, which could be up to 100% of the updated amount of the contributions.

In accordance with the IT Law, companies carrying out transactions with related parties are subject to certain requirements as to the determination of prices, which should be similar to those that would be used in arm's- length transactions.
The Group considers that its pricing policy for operations with related parties is correct and therefore its determination of income taxes and ESPS are adequate in accordance with the tax legislation in force in the applicable years.

(28) Earning per share-

Basic earnings per share for the 12-month periods ended December 31, 2020 and 2019, were $1.230 pesos and $0.835 pesos, respectively.

The calculation as of December 31, 2020 was based on the profit attributable to the ordinary shareholders in the amount of $ 661,020 pesos and the weighted average number of ordinary shares in circulation of 537,369,491 shares. The weighted average of ordinary shares was determined considering the repurchases of shares of the period on a daily basis.

The calculation as of December 31, 2019 was based on the profit attributable to the ordinary shareholders in the amount of $448,827 pesos and the weighted average number of ordinary shares in circulation of 537,431,806 shares. The weighted average of ordinary shares was determined considering the repurchases of shares of the period daily.

The Group does not have ordinary shares with potential dilutive effects.

(29) Segment information

(a) Segmentation basis-

The Group has two operating segments, which are classified by type of service and due to the similarity of its economic characteristics:

- Freight transportation
- Personnel transportation

The freight transportation segment integrates dedicated freight, consolidated, parcel and specialized cargo transportation services; while the personnel transportation segment integrates the shuttle services for business, educational and tourist personnel.

The prices established between inter-segment operations are determined on the basis of prices comparable to those which would be used with or between independent parties in comparable operations. The accounting policies of the operating segments are the same as those described in the similar note.

(b) Financial information of the operating segments-

The performance of the operating segments is measured based on the operating profit and net income of each operating segment, since the management considers that said information is the most appropriate for the evaluation of the results.

The financial information for each of the operating segments is detailed following:

2020		FREIGHT TRANSPORTATION	PERSONNEL TRANSPORTATION	REPORTABLE SEGMENTS TOTAL
Service revenues:				
External clients	$	8,731,092	5,523,433	14,254,525
Inter-segment		8,218	34,963	43,181
	$	**8,739,310**	**5,558,396**	**14,297,706**
Depreciation and amortization	$	743,773	541,679	1,285,452
Operating income		863,878	942,882	1,806,760
Net income		463,417	317,616	781,032
Total assets	**$**	**7,498,666**	**7,259,090**	**14,757,756**
Total liabilities	**$**	**5,029,019**	**4,185,029**	**9,214,048**

2019		FREIGHT TRANSPORTATION	PERSONNEL TRANSPORTATION	REPORTABLE SEGMENTS TOTAL
Service revenues:				
External clients	$	7,137,360	4,991,051	12,128,411
Inter-segment		-	25,849	25,849
	$	**7,137,360**	**5,016,900**	**12,154,260**
Depreciation and amortization	$	685,801	558,596	1,244,397
Operating income		621,811	650,563	1,272,374
Net income		231,440	190,911	422,351
Total assets	**$**	**6,293,585**	**6,882,225**	**13,175,810**
Total liabilities	**$**	**3,794,208**	**4,294,902**	**8,089,110**

c) Conciliation of revenues by operating segment-

Consolidated net income

		2020	2019
Net profit by reportable segments	$	781,032	422,351
Corporate expenditures, net		(120,012)	26,476
Consolidated net income	**$**	**661,020**	**448,827**

Assets

Total assets by operating segments	$	14,757,756	13,175,810
Corporate assets (mainly goodwill and brands)		6,333,790	5,928,529
Consolidated assets	**$**	**21,091,546**	**19,104,339**

Liabilities

Total liabilities by operating segments	$	9,214,048	8,089,110
Corporate liabilities		1,038,103	711,504
Consolidated liabilities	**$**	**10,252,151**	**8,800,614**

d) Information by geographic area

2020		MÉXICO	ESTADOS UNIDOS DE AMÉRICA	TOTAL
Freight transportation revenue	$	7,736,683	1,002,627	8,739,310
Personnel transportation revenue		5,558,396	-	5,558,396
	$	**13,295,079**	**1,002,627**	**14,297,706**

2019				
Freight transportation revenue	$	6,955,205	182,155	7,137,360
Personnel transportation revenue		5,016,900	-	5,016,900
	$	**11,972,105**	**182,155**	**12,154,260**

Because most of the Group's operations are carried out in Mexico, non-current assets located outside Mexico are not significant.

e) Main clients-

Because the Group provides services to a diverse number of customers, there is no significant dependence on any major customer.

(30) Subsequent events-

As of the date of issuance of the consolidated financial statements as of December 31, 2020, subsequent events are as follow:

On March 2021, the Group entered into a contract for a committed credit line for $3,500 million pesos, the credit is for $3,000 million long-term period with increasing amortizations and maturity in 2026 and margin between 175 and 285 basis points, that will depend on our ratio of net debt over Profit before Financial costs, taxes, depreciation and amortization (EBITDA), as well as revolving line for $ 500 million pesos with maturity in 2024 and a margin of 200 basis point. Both components of the credit are unsecured.

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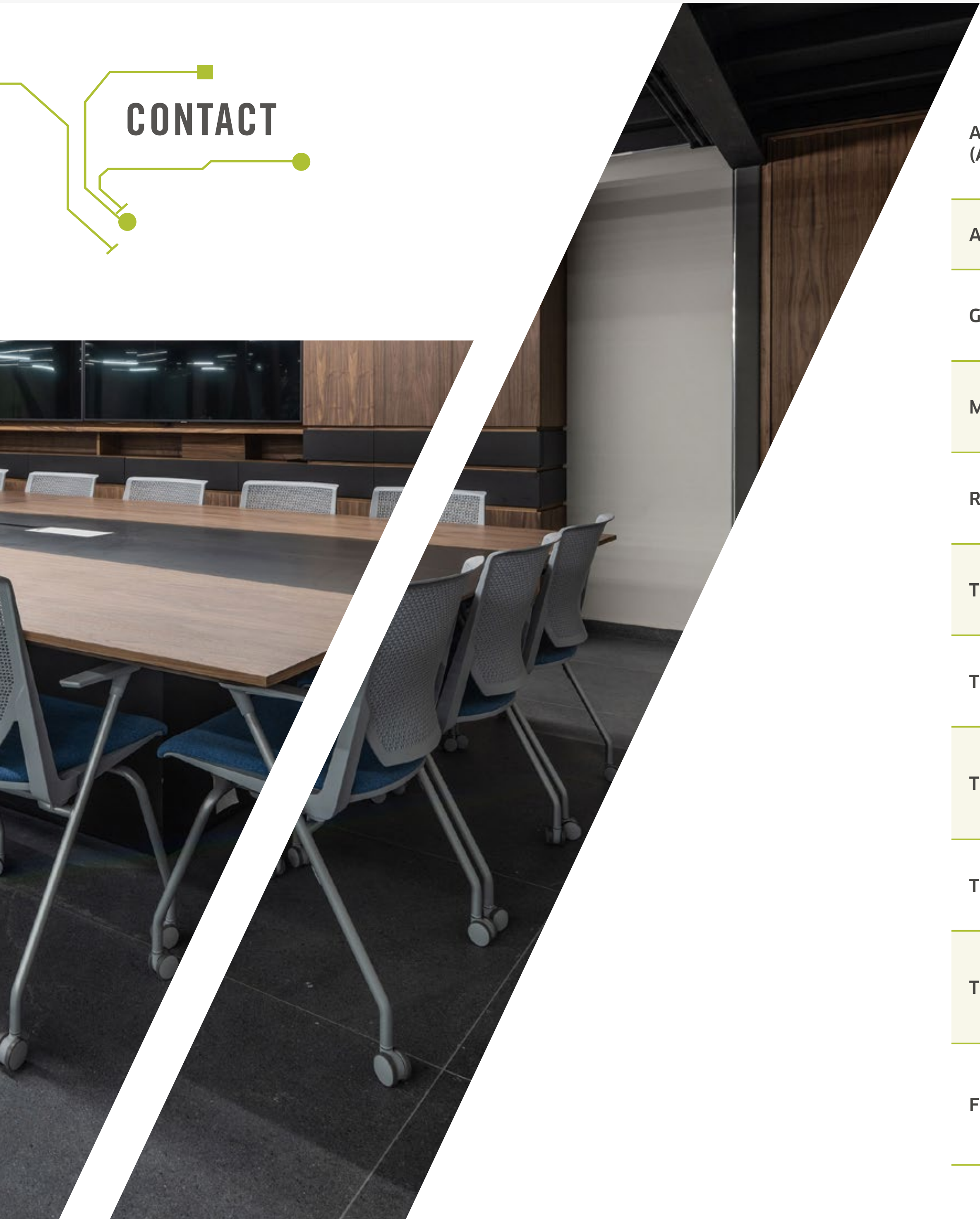

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Autotransportes El Bisonte	Privada Eje 128 No. 139. San Luis Potosí, San Luis Potosí, Mexico, 78395	+52 (444) 870 1500	www.bisonte.com.mx
Grupo SID	Carretera México - Querétaro km 187+800. Calamanda El Marqués. Querétaro, Querétaro, Mexico 76247	+52 (448) 275 2700	www.gruposid.com.mx
Muebles y Mudanzas (MyM)	Calle 1857 No. 25. Colonia La Purísima Ticomán, Alcaldía Gustavo A. Madero, Mexico City, Mexico, 07370	+52 (55) 5577 5122	www.mym.mx
Redpack	Avenida Ferrocarril No. 25. Colonia Industrial Alce Blanco. Naucalpan de Juárez, Estado de México, Mexico 53378	+52 (55) 5278 8360	www.redpack.com.mx
Transportadora Egoba	Avenida 5 de Febrero No. 1730. Zona Industrial Benito Juárez. Querétaro, Querétaro, México 76120	+52 (442) 209 7000	www.egoba.com
Transportes Lipu	Avenida Ferrocarril No. 25. Colonia Industrial Alce Blanco. Naucalpan de Juárez, Estado de México. C. P.: 53378	+52 (55) 7246 3100	www.lipu.com.mx
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