TRAXIÓN

2021 Integrated Report

LIFE IN MOTION

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HOW TO READ THIS REPORT

GRI 2-2, 2-3, 2-4, 2-5, 2-14

THIS IS OUR THIRD INTEGRATED REPORT AND FIFTH ANNUAL REPORT SINCE OUR IPO, FULFILLING OUR COMMITMENT TO COMMUNICATE OUR GROUP'S FINANCIAL AND OPERATIONAL RESULTS IN A TRANSPARENT MANNER.

WE HAVE INCLUDED OUR PROGRESS IN 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. We address all material issues, applying the concept of **double materiality,** which integrates socio-environmental materiality and financial materiality, in accordance with international trends, and employing the related reference standards.

The information presented corresponds to the period between January 1st and December 31st, 2021; it includes all our business units, with certain scope limitations indicated throughout the report. Data has been validated by the relevant company departments.

For the first time, we have submitted our report to external verification by an independent third party, with the scope specified in the assurance report.

THE REPORT:

- Has been developed in accordance with the Global Reporting Initiative (GRI) Standards, and the Universal Standards (GRI 1, 2 and 3) updated in October 2021.
- The GRI Standards address the socio-environmental materiality and are prepared for a wide audience.
- We report on the Standards of the Sustainability Accounting Standards Board (SASB) for the following sectors: Road Transportation, Professional & Commercial Services, Air Freights & Logistics.

  The SASB Standards address the financial materiality and information requirements, particularly from investors.
- We also addressed 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 also report on our contribution to the Sustainable Development Goals (SDGs), the global roadmap that has been proposed by the UN to address major societal challenges.
- It constitutes our Communication on Progress (CoP) for the Global Compact, and the progress we have made in the implementation of its 10 principles.
- It includes financial information which we have prepared 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:

The beginning of each section includes:

References to the GRI Standards, SASB parameters, and TCFD recommendations.

The specific indexes of the standards and reporting frameworks are included in the appendixes of this report:

GRI, SASB, and TCFD, with detailed information on our progress in terms of the SDGs and the Principles of the Global Compact.

HIGHLIGHTS

POWER UNITS
8,729 +4.5%

3.68 KM/L
FUEL EFFICIENCY

ANNUAL REVENUE
$17,086 MILLION +19.5%

NET PROFIT
$850 MILLION +28.6%

4.7 YEARS
AVERAGE FLEET AGE

528,722
tCO_2e GEI EMMISIONS SCOPE 1 AND 2

EBITDA
$3,403 MILLION +12.8%

17,396
EMPLOYEES +4.6%

629 MILLION KILOMETERS DRIVEN, +11.6%

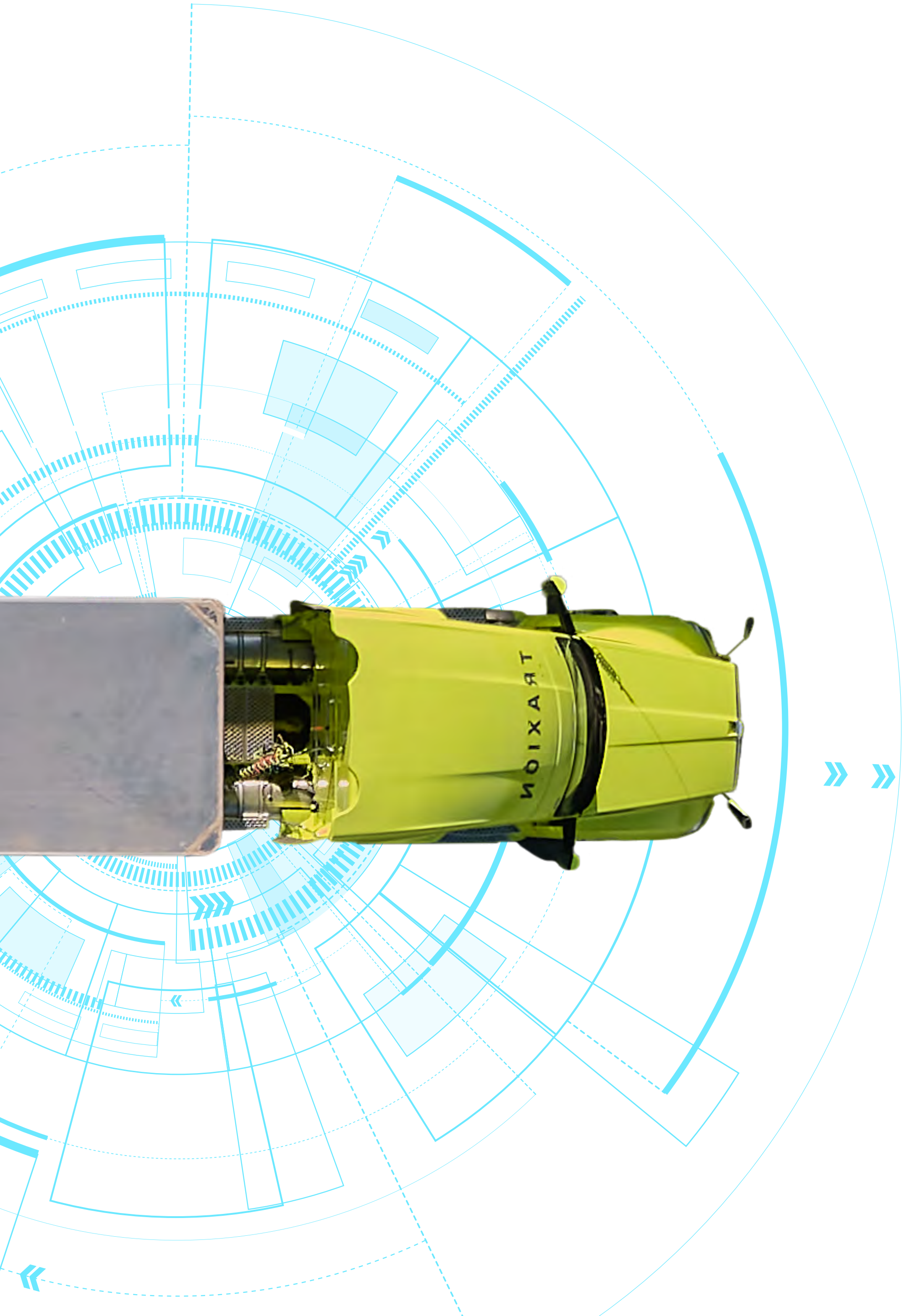
0.792
tCO_2e/1000 KILOMETERS DRIVEN (SCOPE 1)

EBITDA MARGIN
20% -100 BP

578,360 M^2
OF WAREHOUSE SPACE, +7.9%

MESSAGE FROM THE CHAIRMAN **AND THE PRESIDENT**

GRI 2-22



DEAR ALL,

TRAXIÓN'S TECHNOLOGICAL TRANSFORMATION HAS PLAYED A KEY ROLE IN THE COMPANY'S EVOLUTION AND IS THE CORNERSTONE OF THE COMPANY'S GROWTH AND EXPANSION. NEW TECHNOLOGIES ARE THE BASIS FOR OUR CURRENT AND FUTURE DEVELOPMENT.

Two years ago we migrated to an asset-light model, which was very well received commercially and has rendered outstanding results; such model now accounts for 28% of our consolidated revenue. In response to these results, in 2021 we introduced our Logistics and Technology segment that is focused on continuing to advance strategically through this model which we hope will become a major portion of our business in the mid-term.

Over the course of the past few years, we have observed important paradigm shifts in consumer patterns that are here to stay and have redefined supply chains. It was mainly due to our planning, technology, and commercial muscle that we were able to take advantage of such changes and capitalize on opportunities. We are the only company in Mexico capable of serving the supply chain from beginning to end, using our own infrastructure. This enables us to not only offer our customers 100% visibility at all times, but also to be more competitive in our prices, more efficient in our operation, and more profitable as well.

Traxión is among the largest mobility companies in Latin America: we are one of the most important 4PL logistics platforms in Mexico and are within the largest 3PL services companies in the country. We hold sound leadership positions in businesses related to digital applications, such as our Traxporta platform, and in others related to the cross-border market, where we see great potential for future expansion. We have also become one of the most relevant last mile providers in the market.

We employ technology to develop new businesses and to improve our traditional ones, thus providing our clients with more transparency, safety, and peace of mind. Technology represents our most relevant competitive advantage, and it is also the tallest barrier of entry in our sector.

In Mobility of Cargo we have the largest and most modern fleet in Mexico, with which we support a basic activity to our country's economy. Our strategy consists on strengthening specialized cargo services that are typically more profitable, such as refrigerated cargo, petrochemicals, and other materials transportation.

In Mobility of People, we are the leading player in Mexico, with the largest fleet and one of the broadest geographic footprints. Our leadership in transporting people to and from industrial parks is particularly noteworthy. With this service we contribute to the economic development of Mexico by offering safe and efficient transportation solutions.

In 2021, our consolidated results showed a 28.6% increase in our net profit, particularly driven by a 19.5% growth in revenue and strict control over our expenses. Our operating profit and consolidated EBITDA for the year were up 13.0% and 12.8%, respectively, resulting in an EBITDA margin of 19.9%, in line with our forecast.

In terms of our operations, the total kilometer volume grew 11.6% in 2021, and the average fleet increased just 4.5%, reflecting our asset-light model's efficiency. Revenue-per-kilometer metrics grew both for Cargo and People Mobility. The Last Mile solutions business grew more than 65% in terms of revenue, compared to 2020, as a result of the penetration of e-commerce, which continued to show a favorable dynamic. Additionally, our 3PL logistics business grew 7.9% in warehouse space.

We operate with a solid corporate governance and an experienced Board of Directors with a deep understanding of our sector, of whom 67% are independent directors. We function within a culture of transparency and integrity, with a robust compliance system. In 2021, we obtained the ISO 37001:2016 certification for our Anti-Corruption Management System and the Certificate of Compliance with ISO 19600:2014 for Tax and Money Laundering Prevention Management Systems.

We attract and develop the best talent and we promote diversity and inclusion. The Traxión team continues to grow, with 17,396 employees at year-end 2021, 4.6% more than the prior year. Despite the fact that ours is a sector with a traditionally low presence of women, they represent 14.7% of our workforce and occupy 37.3% of the top and middle management positions. We are constantly strengthening our training and learning programs at all levels, particularly in terms of health, safety and eco-efficient driving, and we work on preventing accidents, also with the help of technology.

In our commitment to the environment, our goal is to mitigate our contribution to climate change and to offer our customers solutions that use resources efficiently. We have continued our programs to increase fuel efficiency and ensure that our engines perform well in environmental terms, in addition to constantly renewing our fleet.

Several of our companies have been awarded the Excellent Environmental Performance distinction granted by the Mexican Environmental and Natural Resources Ministry (SEMARNAT), saving year-on-year more than 20% of carbon emissions. In compliance with our commitment to the planet, we are evaluating strategies and applying tests to transition to cleaner transportation technologies, particularly electric vehicles. We are also strengthening our environmental management programs based on ISO 14001, including circular economy models.

Our Sustainability Strategy establishes a performance roadmap for the environmental, social, and corporate governance (ESG) aspects that are continuously monitored by the top management and the relevant areas in the company. In 2021 Traxión was included in the Dow Jones Sustainability Mila Pacific Alliance Index, a very important milestone.

We also work hard to maximize our contribution to the Sustainable Development Goals (SDGs) and are committed to implementing the 10 Principles of the United Nations Global Compact.

We invite you to read our third integrated report, which was developed in compliance with the international benchmark standard of the Global Reporting Initiative (GRI) and the Sustainability Accounting Standards Board (SASB), in addition to following the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

Traxión has been innovating for 10 years and growing with the market for five with a firm commitment to sustainability. We wish to thank our stakeholders for the trust they have placed on us and, particularly, our invaluable team of employees, without whose effort none of this would be possible. It is an honor to have you on board.

Sincerely

Bernardo Lijtszain Bimstein
Chairman of the Board of Directors
Aby Lijtszain Chernizky
Executive President

WE ARE TRAXIÓN

We are the leading company in mobility and logistics in Mexico, offering the broadest portfolio of integrated solutions in the industry.

WE ARE THE MAIN SUPPLIER OF ONE-STOP SERVICES TO ADDRESS THE EXISTING NEED FOR MOBILITY, LOGISTICS, AND TRANSPORTATION SERVICES THROUGHOUT THE SUPPLY CHAIN.

MISSION

To solve the logistic needs of our customers with integrated and quality solutions; develop and utilize efficiently our human and techno-logical resources.

VISION

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

VALUES

Trust

Drive

Strength

Teamwork

Vision

SCALE

The largest, most diverse, and modern fleet in Mexico

More than 578,360 m^2 of 3PL logistics warehouse management in operation

Operational leverage based on scale, volume, and purchasing power

EFFICIENCY AND PROFITABILITY

Proven and successful business model

Proven, continuous, and sustainable synergies plan

Successful growth and improvement path, both financially and operationally

SUSTAINABLE GROWTH

Consolidator in a highly fragmented industry, predominantly made up of family enterprises

We operate in a sector with strong fundamentals and potential for growth

Robust business model with a solid capital structure and an efficient investment process

TECHNOLOGY AND INNOVATION

Disruptive focus supported by technology

Internally-developed applications and systems that adapt to specific needs

Operating and commercial intelligence

TRANSPARENCY AND INSTITUTIONALIZATION

Traxión was born as an institutional company

Entrepreneurial, seasoned, and innovative team

The only company in the sector in Mexico sponsored by private capital funds

BUSINESS **MODEL**

GRI 2-1, 2-6

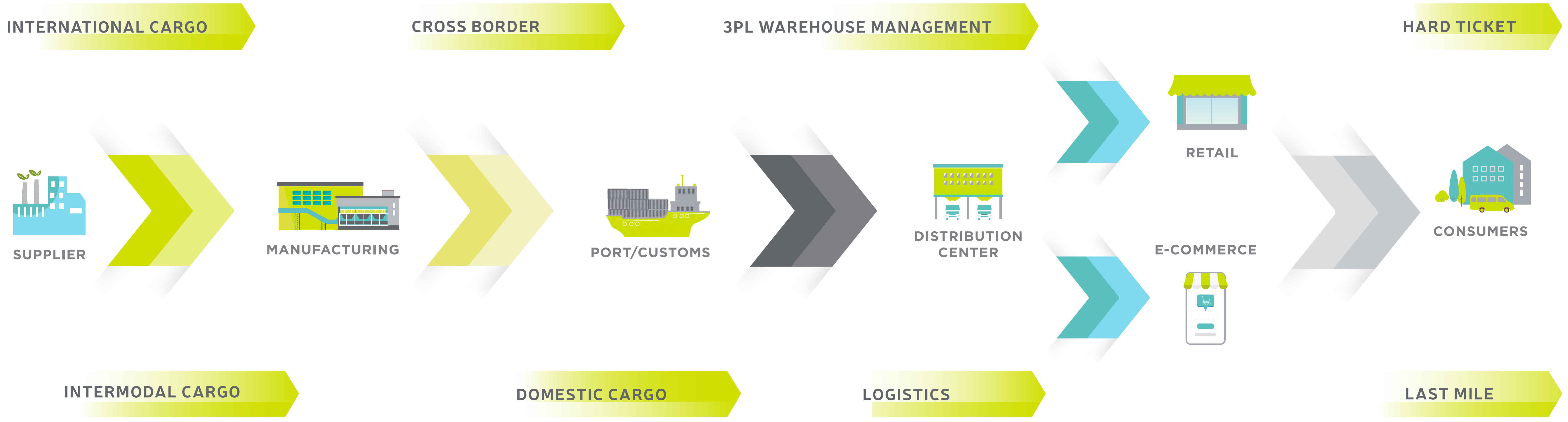
One-stop solution ❯ We are the only company in Mexico capable of serving every stage in the supply chain by employing both our own infrastructure as well as that of third parties—which we coordinate by means of technological platforms—to offer integrated solutions tailored to our customers' needs

We operate three business segments—Logistics and Technology, Cargo Mobility, and People Mobility—with highly recognized, experienced companies, leaders in their sector. In addition, our disruptive vision translates into the innovation and technological development we require to address the needs of our customers.

TRAXIÓN IN THE SUPPLY CHAIN

TRAXIÓN
LIFE IN MOTION

TRAXIÓN offers B2B services throughout the supply chain



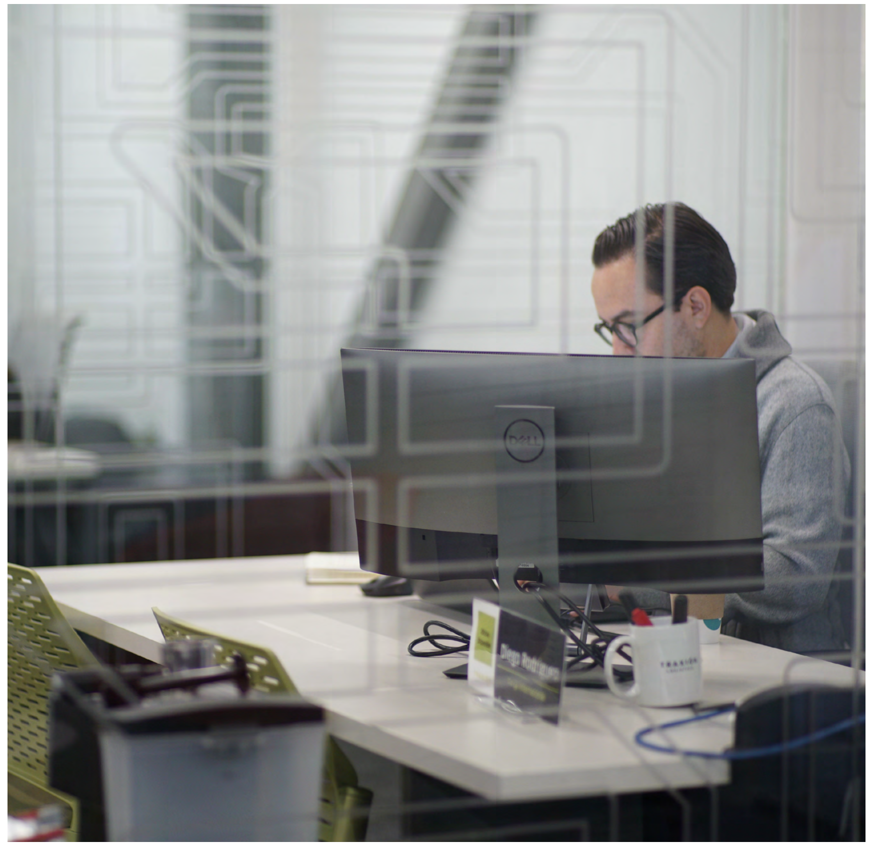
BUSINESS SEGMENTS

GRI 2-6

Logistics and Technology

SERVICES

- Digital platform that connects carriers with cargo customers (domestic and cross-border)
- Contract Logistics (4PL): integral transportation and warehouse solutions based on best-in-class Warehouse Management and Control Tower systems.
- Last mile solutions

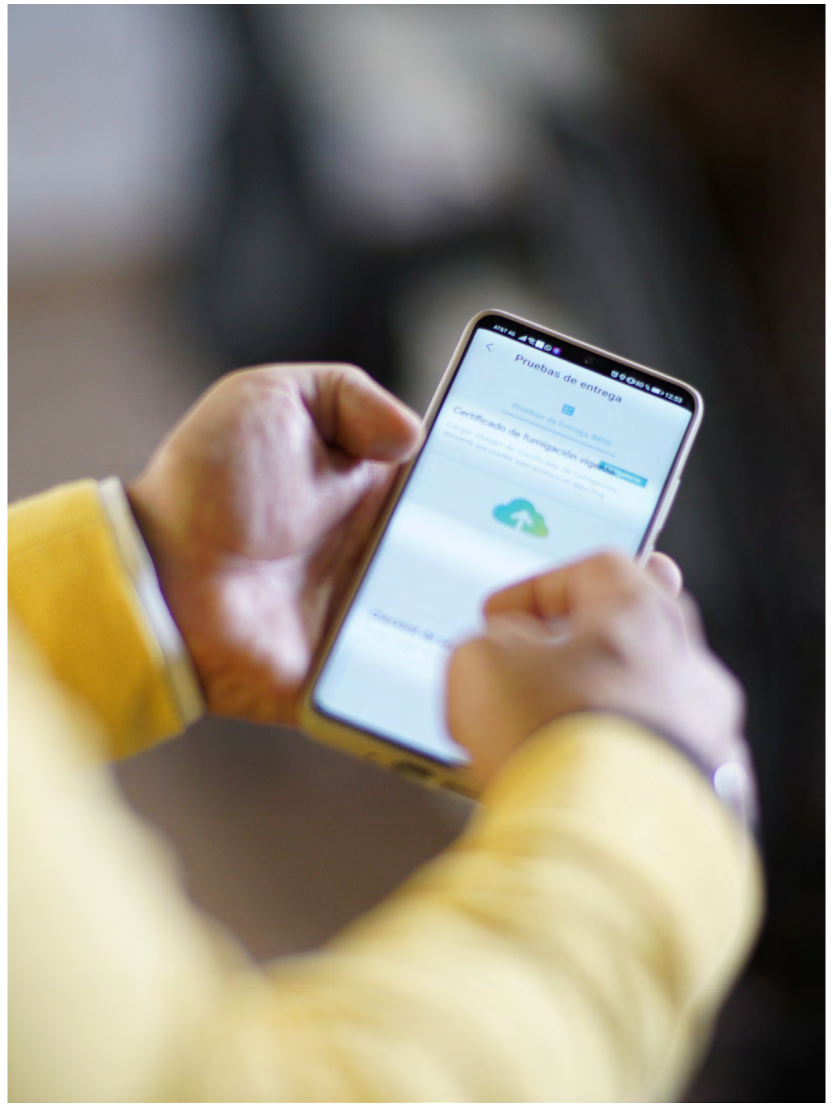


Internally-developed technological developments

Maximize the use of third-party assets (asset-light)

Address the need for interconnected solutions when several services are required across the supply chain

Efficient response to the growth and penetration of e-commerce (last mile solutions)



Cargo Mobility

The most robust technological platform of its kind

22 terminals nationally

+2,200 power units

+ 30 partnerships with US operators

Third-party fleets operated by Traxporta

Successful company acquisition and integration record

SERVICES

- Regular cargo
- Refrigerated cargo
- Intermodal cargo
- Specialized cargo (fuels, petrochemicals, and food grade)
- Less-Than-Truckload (LTL)
- Cross-border
- Platforms
- Moving services

People Mobility

SERVICES

- Personnel transportation services to and from industrial parks, manufacturing centers, corporate offices, and tourist facilities.
- Student transportation services for schools and universities.
- Private charters for groups.

The largest and most modern fleet in the country

Long-term contracts with customers

Service efficiency and trip safety based on robust technological platforms and the development of value-added applications

>180 million people transported annually

BUSINESS UNITS

GRI 2-6

Auto Express Frontera Norte (AFN)

Cargo services with intermodal connections (rail, ports), domestic and international, including cross-border.

Autotransportes El Bisonte

Specialized cargo services including: transportation of petrochemicals, fuels, special materials, and food grade, among others.

Grupo SID

Domestic cargo transportation, including raw materials, consumer products, and inverse logistics.

Lipu

Absolute leader in mobility services for personnel, private charters, and school transportation.

Muebles y Mudanzas (MyM)

Domestic cargo and moving services.

Redpack

Top-5 player within the last mile market with outstanding special services and solutions for the e-commerce supply chain.

Transportadora Egoba

Serves customers with highly demanding logistics needs for domestic and international cargo. Leader in cross-border service and strongly positioned in refrigerated cargo.

Traxi

People Mobility solution that operates by means of a digital platform that offers the ability to make reservations, monitor the number of people who access each unit, track routes, and offer technical support.

Traxión Logistics

One-stop 4PL logistics solutions platform across the supply chain, with a consulting model based on design, engineering, and implementation. Employs our own- and third-party infrastructure. Directly provides warehousing and 3PL warehouse management services, including inventory management and picking and packaging state-of-the-art logistics.

Traxporta

Asset-light platform that connects customer transportation needs with marketplace carriers. Evolving into a solution for integrating our own fleet with third-party fleets, thus increasing our operational capabilities and our efficiency in processes and routes.

THE BUSINESS MODEL'S PILLARS

GRI 2-6

Diversification

We offer a wide variety of services in our portfolio, as well as prestigious brands and a modern and flexible fleet.

Our customer base is solid and varied.

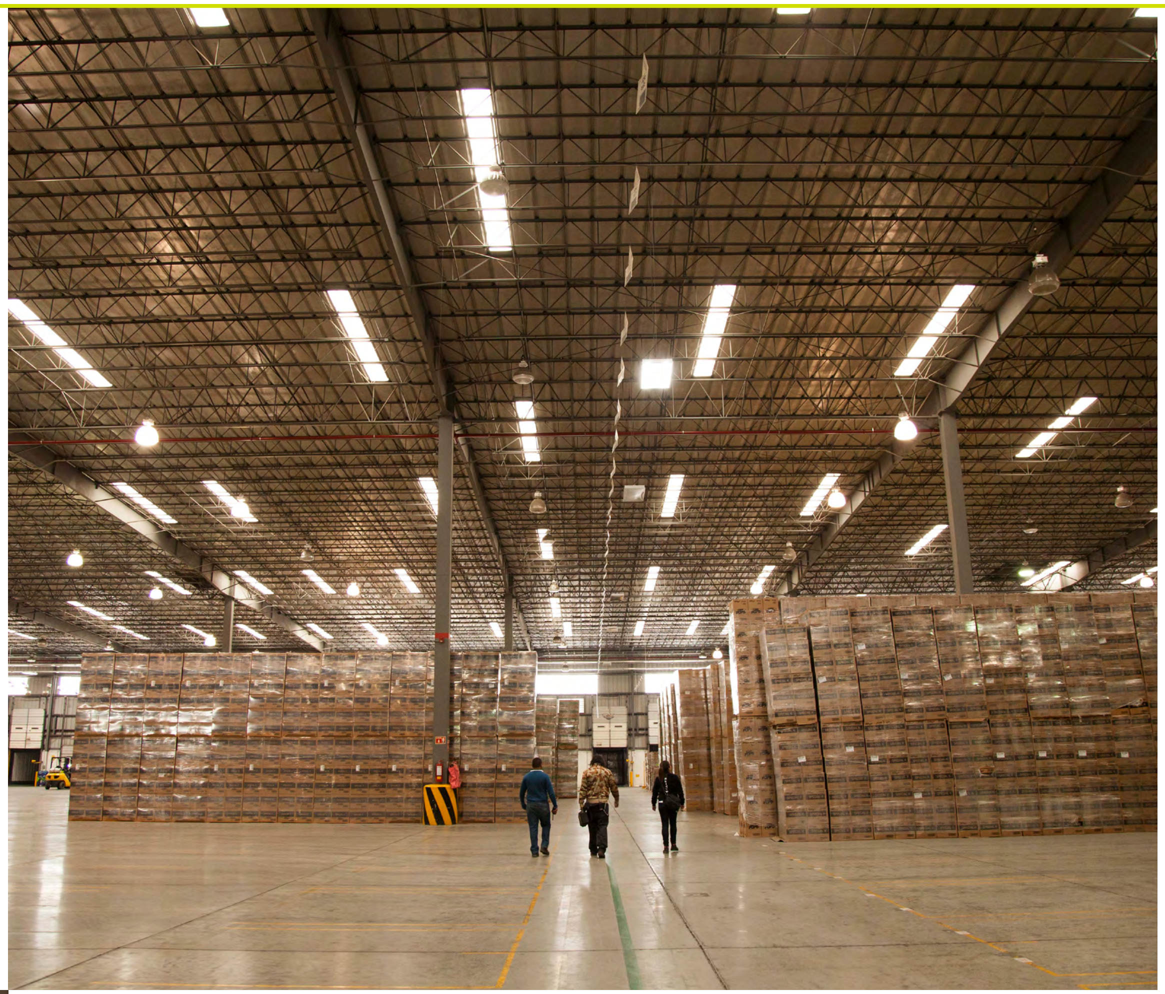
We operate in a wide range of economic sectors, particularly in highly-valued industries in the national economy, which helps make our business resilient regardless of economic cycles. Additionally, we have long-term contracts, with decades-long commercial relationships with our largest customers.

We offer our services across the country and on the border, serving highly dynamic regions.

Financial Discipline

We operate based on a strong financial discipline, which is reinforced by our nature as a public and institutional company. We manage our debt prudently to ensure healthy levels of debt and access to resources. Likewise, we apply a rigorous CapEx allocation process through a committee that approves and monitors the potential profitability of investments.

As our business has continued to evolve, we have focused on asset-light models that allow us to increase our operational capacity maximizing our own and third-party resources.



Technological Innovation

We operate with state-of-the-art technologies with a disruptive development focus applied both to new initiatives and to our traditional businesses. Our operational platform is supported by a shared-services center, which translates into a long-term synergies and efficiencies program, with which we are able to harness the benefits of our infrastructure. All this provides us with commercial, operational, and business intelligence and allows us to implement continuous improvement processes based on technology and data.

TRENDS AND RESPONSE OVER THE COURSE OF THE YEAR

Scope and capabilities. The recovery in the economy contributed to a growth in demand in the sectors that had been most affected. Furthermore, those sectors that had remained stable continued to be strong. This scenario, in addition to the trust from our customers and the market, facilitated our continuous growth in capabilities. Thus, we acquired technologically-advanced units and developed asset-light models, which enabled us to integrate third-party fleets into our operation.

One-stop solution needs. Faced with the increasing complexities in supply chains and difficulties in international trade, customers are demanding flexible partners who are capable of adapting to any scenario and offer comprehensive solutions that meet a diversity of needs.

Traxporta was enhanced as a Transport Management System (TMS) for our Cargo Mobility business units, thus expanding its functionalities. In addition to continuing to grow as a marketplace platform that helps connect customers and carriers as well as our own and third-party fleets, the company added new service options such as payment management, carrier benefits, etc.

Addressing the growth of e-commerce, which was brought about by the pandemic. Redpack has responded with new operational centers, a larger number of units, partnerships with third-parties to combine capabilities and by reinforcing technology to increase efficiency and by adding employees to its workforce. The growth in capacity across the whole territory is particularly noteworthy, with a 10% increase in coverage. This has allowed us to be even closer to our customers.

The health of our employees and customers. Given that the pandemic has persisted, we continue to focus on protecting health at our operations, particularly in the People Mobility sector. To this end, we continued to increase the number of units per route to ensure a limited number of people are riding, to implement bio-sanitary measures, and to strengthen a culture of prevention.

RISK MANAGEMENT

GRI 2-12, 2-13, 3-3 (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 **risk management model** is based on the ISO 31000, and includes measures to identify, measure, manage, report, and monitor any event that could affect the scope of the Group's objectives. Our guidelines are established in the General Risk Management Policy and the Strategic Risk Management Policy.

Our risks corporate department regularly identifies and prioritizes those risks that our business units are exposed to, depending on their context, type of activity, and internal strategy, among others. To this end, it consults with different teams and carries out a series of exercises including an employee survey, the last of which was carried out in 2020. The survey includes questions on leadership, the responsibilities structure, and the results of the previous risk strategy and the corresponding internal communications efforts.

Additionally, as part of the Administration of Services Support System within the Traxión Management Model, we have established the guidelines and mechanisms which employees can use to report and assess incidents and for change management and continuous improvement efforts. In addition, employees have access to a public reporting helpline.

Thanks to the experiences that each employee shares with us, we are able to design a robust map and to actively promote responsible behaviors, thus reinforcing a culture of prevention.

Based on a series of priorities, the risk team periodically presents its work plan to the Audit Committee. The plan includes the main prevention and mitigation measures to be developed in collaboration with different teams and business units. Compliance with the plan is measured in the risks team's performance evaluation and remuneration is linked to the achievement of their goals.

Over the course of the year, the risks team monitors progress made on the work plan and its indicators and reports to the Audit Committee, which then makes strategic recommendations. The Committee in turn reports to the Board of Directors, which is the body within the organization with the top authorizing and monitoring capabilities, in addition to having previously established the risk appetite.

Additionally, to advance in our culture as well, we developed training courses on risk management tailored to each business unit and team. Examples are an information security training, offered particularly at Redpack as part of its ISO 27001-certified management system; a training on the anti-corruption and compliance framework, included in the process Traxión has undergone to get its anti-bribery systems certified under ISO 37001 and to obtain the certificate of compliance with ISO 19600 for its compliance management systems (uncertifiable).

MAIN RISKS

1. Risk categories based on their impact on the company:

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.

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

Operational risks: risks of losses caused by human error, inadequate design, and the execution of processes, system failures, or gaps between actual and expected operational functioning by the Group.

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.

2. Risk categories based on root cause:

MAIN EMERGING RISKS	DESCRIPTION	RESPONSE MEASURES OR RISK MANAGEMENT	REFERENCE WITHIN THE INTEGRATED REPORT
Operations and processes	Gaps and lapses in compliance with the Traxión Management Model guidelines and processes derived from differences in control, can cause inconsistencies in the way we prepare and disclose our operational and financial information, as well as deficiencies in our manual and/or automatic controls within systems and processes.	• Continuity in strengthening the Traxión Management Model, in which the Corporate Comptroller, Corporate Information Technologies Department, and the Group's administrative and operational departments participate. • Business units in the different segments operate within the same software ecosystem. • Standardization and improvement process in our operations, led by the Operational Excellence Corporate Department. • Implementation of the Corporate Policy and Control Procedures for Accessing the SAP Platform. • Development of other solutions and integrations that will enable process automation.	Growth: Infrastructure Growth: Innovation and Technology
Information Security	This risk can derive in potential impacts such as the loss or mishandling of information; non-compliance with applicable norms, guidelines, or regulations; deficiencies in the automated controls in systems; and impacts on business processes.	• State-of-the-art information technology systems to protect the confidentiality and integrity of data. • Strong processes aligned with best practices and the ISO 27001 guidelines. • We promote a cybersecurity education and culture among our employees. • Implementation of access to information controls; we continuously audit and review the implementation of our processes and the status of our infrastructure.	Growth: Innovation and Technology

MAIN EMERGING RISKS	DESCRIPTION	RESPONSE MEASURES OR RISK MANAGEMENT	REFERENCE WITHIN THE INTEGRATED REPORT
Changes in regulation	The changes in tax regulations and their interpretations and the Group's and its business units' ability to respond may result in fines and sanctions by the authorities, delays and impacts on the operation, and damages in the relationship with customers.	• Recurrent review in collaborations with process owners and tax teams. • Participation in open forums in compliance with tax requirements • Development of new functionalities and process alignments that address the new standards. • In 2021, special attention was given to the changes in the requirements for issuing invoices.	Governance: Ethics and Compliance
Climate change	Risks may be associated with the occurrence of extreme weather phenomena which create distortions in the operation (physical risks), but also changes in customer needs and/or regulatory stipulations (transition risks). (Potential risks are described in this report).	• Implementation of operational strategies and new technologies to promote efficiencies in fuel consumption, thus reducing our Group's main environmental impact across our businesses. • Establishment of annual objectives that are monitored by our senior management and are part of the metrics we employ to determine variable compensation for the Group's top executives, managers, and operational staff. • Continuous monitoring of the impact on operations. • Monitoring changes in regulation and in customer needs.	Planet: Risks and Opportunities related to the Environment and Climate Change
Discontinuity in international trade	Traxión's Cargo Mobility business is greatly focused on domestic and cross-border distribution. However, we see other feasible growth opportunities in exports/imports related to port and airport operations, which have recently been complicated by interruptions and delays in global supply chains. On the other hand, this could entail difficulties in the maintenance of our fleet across all our businesses, given the current lack of spare parts and new vehicles.	• Adherence to the corporate strategy that includes business diversification without losing focus on the strength of the domestic and cross-border markets. • Inventory management, adapting to new global circumstances. • Permanent monitoring of the evolution in supply chains and markets, also identifying opportunities.	We are Traxión: Business Segments Growth: Infrastructure

SUSTAINABILITY MODEL AND GOVERNANCE

GRI 2-23, 2-24, 2-28 (TCFD GEN-GOV.a, GEN-GOV.b)

SUSTAINABILITY IS A KEY ELEMENT IN OUR BUSINESS MODEL. IT IS PART OF ALL OUR OPERATIONS AND OF EVERY DECISION WE MAKE. ACCORDINGLY, WE IMPLEMENT ACTIONS THAT HELP US MAXIMIZE THE ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) VALUE WE GENERATE FOR OUR STAKEHOLDERS.

SUSTAINABILITY MODEL

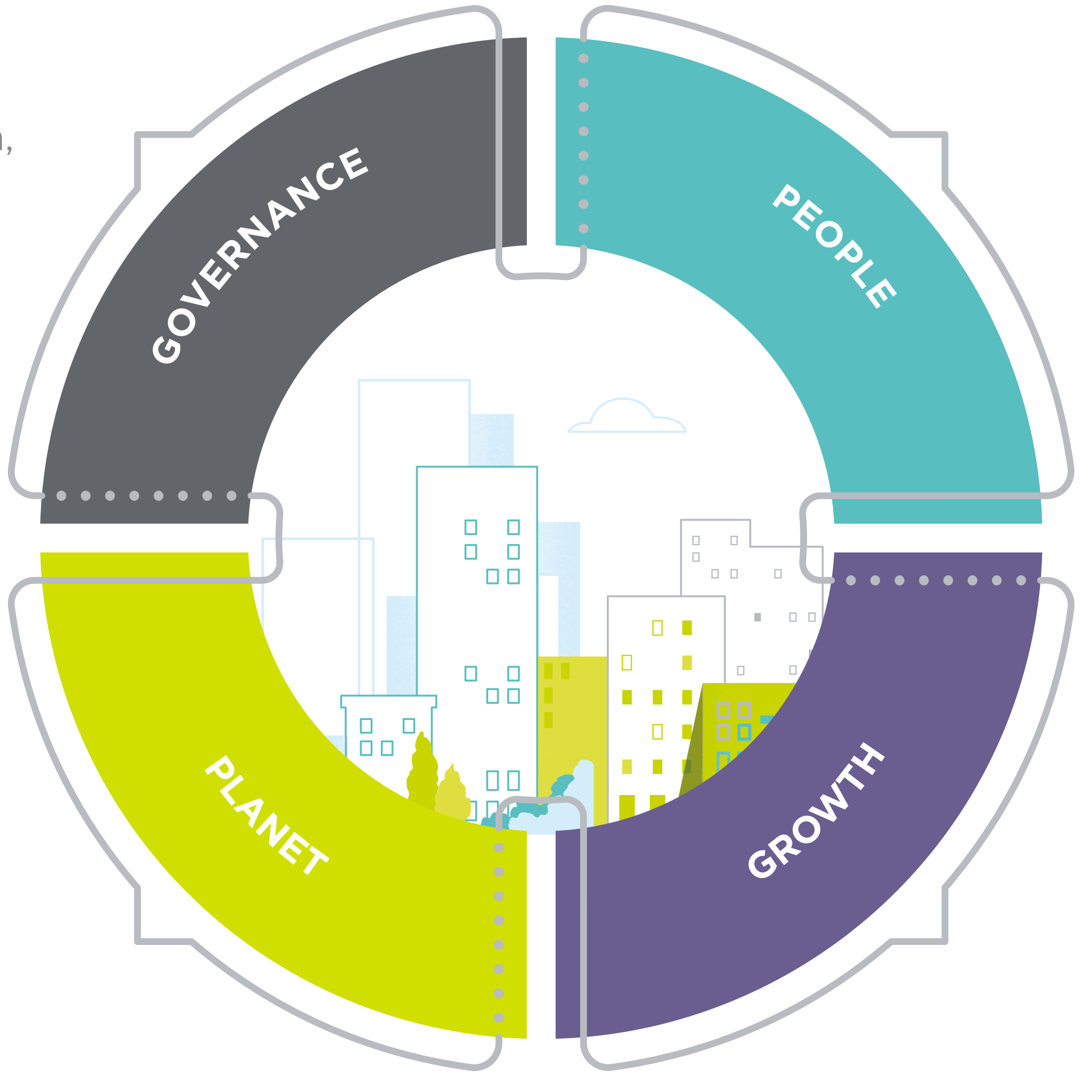
Our strategy is composed of four main pillars: Governance, People, Planet, and Growth, all of which are in turn related to different capitals. The strategy employs the material topics to establish work priorities and different departments in the company participate in its implementation.

GOVERNANCE

Corporate governance, vision, and strategy

PLANET

Natural capital
Optimization in the use of natural resources



PEOPLE

Human capital
High-quality jobs, and development

Social capital
Responsibility and dialogue with the communities

GROWTH

Intellectual capital
Efficient processes and shared knowledge

Industrial and technological capital
State-of-the-art technologies

Products and services
Excellence in our supply chain

Economic capital
Generation of long-term values

DESCRIPTION OF THE MATERIALITY PROCESS.

SUSTAINABILITY GOVERNANCE

- **Board of Directors:** Receives updates on the Group's ESG performance through the Corporate Practices and Sustainability Committee.

- **Corporate Practices and Sustainability 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 on a quarterly basis. Starting in 2021, it includes the totality of Traxión's corporate and business unit directors. Serves as a forum to coordinate the execution of the Sustainability Strategy throughout the Group, and to identify and assess 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 and Sustainability Committee and to other bodies of the Board of Directors (Executive Committee, Audit Committee), as required; and reports quarterly to the Sustainability Committee.

- **Sustainability Leaders:** Lead the implementation of ESG guidelines, actions, and programs established by the Sustainability Department and validated by the aforementioned committees at all our business units.

Additionally, 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). We are part of the United Nations Global Compact and are committed to contributing to the implementation of its 10 principles, including labor, human rights, environmental, and anti-corruption aspects.

We are also members of the Green Finances Consulting Council (Consejo Consultivo de Finanzas Verdes, CCFV), an organism that encourages a dialogue to promote financing for projects with a positive environmental impact, including the proposal to design investment vehicles (i.e. Green bonds) and develop a corresponding market.

Member of
Dow Jones
Sustainability Indices
Powered by the S&P Global CSA

Our commitment to sustainability and our progress in several ASG topics has been recognized by investors and other stakeholders. Particularly noteworthy in 2021 was our inclusion in the Dow Jones Sustainability Index MILA Pacific Alliance, which assesses leading companies in these matters.

GOVERNANCE

CORPORATE GOVERNANCE

GRI 2-9, 2-10, 2-11, 2-15, 2-17, 2-18, 2-19, 2-20, 405-1

Our governance structure is aligned to the main benchmarked standards and practices, in adherence to all applicable regulations, including those established in the Mexican Securities Market Law (Ley del Mercado de Valores). Our guidelines are specified in our **General Corporate Governance Principles**, which are available to the public.

The purpose of the corporate structure is to ensure compliance with Traxión's strategic objectives and to continue creating value for our shareholders and stakeholders.

GENERAL SHAREHOLDERS MEETING

Is the highest governing body in the company; it is responsible for approving reports made by the Chief Executive Officer, the Board of Directors, the Corporate Practices and Sustainability Committee, and the Audit Committee, and it allocates profits. It is also responsible for designating the members of the Board, the Secretary, and alternate directors; it also designates the members of the Nominations and Compensation Committee; and it is responsible for designating or terminating the Chairman of the Corporate Practices and Sustainability Committee and of the Audit Committee. Additionally, it determines the remuneration for the members of the Board and Committees, among other matters.

BOARD OF DIRECTORS

Is responsible for establishing the general strategy under which Traxión conducts its own business and that of all the other companies it controls. It also oversees how they are managed and operated, taking into account the relevance of the latter on the financial, administrative, and legal conditions of the company, as well as the performance of their top management.

The Board of Directors is in charge of nominating, electing and, if need be, terminating the Chief Executive Officer. It is also responsible for establishing his or hers 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 and Sustainability Committee.

The Board of Directors currently includes 15 directors, of whom 66.7% are independent. Their professional experience spans an average of 24 years and 4.7 years seniority in the company (given that Traxión was listed in 2017).[1] It also includes 13 alternate directors. In 2021, an effort was made to promote gender diversity on the Board and, on April 29, 2022, the General Shareholders Meeting named Marina Díaz Ibarra as a director on the Board (with this information falling outside the reporting period).

Average meeting attendance this year was 100%. The remuneration directors receive for their participation is proposed by the Nominations and Compensation Committee and approved by the General Shareholders Meeting.

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.

[1] All the directors corresponding to the 2021-2022 financial year were already serving as such since the company's IPO, with the exception of one director who joined in 2019.

MEMBER	GENDER	PARTICIPATION ON OTHER BOARDS*	BOARD OF DIRECTORS	EXECUTIVE COMMITTEE	AUDIT COMMITTEE	CORPORATE PRACTICES AND SUSTAINABILITY COMMITTEE	NOMINATIONS AND COMPENSATION COMMITTEE
Bernardo Lijtszain Bimstein	Male	0	Chairman, Related member	Related member			Chairman, Related member
Aby Lijtszain Chernizky	Male	0	Related member	Related member			Related member
Rodolfo Mercado Franco[2]	Male	0	Related member				
Abel Puszkar Kessel	Male	0	Related member				
Jorge Vargas Diez Barroso	Male	0	Independent member				
Alberto Moreno Ruíz Esparza	Male	0	Independent member	Chairman, Independent member		Independent member	Independent member
Carlos Miguel Mendoza Valencia	Male	0	Independent member		Independent member		
Harry Frederick Krensky	Male	1	Independent member				
José Ramón Suárez Rotter	Male	0	Related member				
Juan Mauricio Wurmser Cobos	Male	0	Independent member				
Arturo José Saval Pérez	Male	3	Independent member	Independent member		Chairman, Independent member	
Roberto Langenauer Neuman	Male	1	Independent member				
Iker Paullada Eguirao	Male	0	Independent member	Independent member	Independent member		Independent member
Aaron Dychter Poltolarek	Male	0	Independent member		Chairman, Independent member	Independent member	
Marcos Metta Cohen	Male	0	Independent member				

Chairman

Related member

Independent member

[2] He also serves as CEO of the Group (executive position).

Note: The biographies of our directors are published on our website https://traxion.global/assets/pdf/BIOGRAFIAS_ENG.pdf

*Boards of publicly traded companies

MAIN COMMITTEES

Executive Committee

Among other obligations, the Executive Committee is responsible for reviewing the results, strategy, and relevant topics of each of the entities in the company that are submitted to its consideration by the CEO of the corresponding entity.

Corporate Practices and Sustainability Committee

Among other obligations, it is responsible for assessing the performance of the 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 and carry out certain activities as outlined in the Mexican Securities Market Law.

THE BOARD OF DIRECTORS HAS FOUR COMMITTEES THAT SUPPORT IT AND MEET ON A QUARTERLY BASIS[1].

All members of the Corporate Practices and Sustainability Committee are independent, as established by the Mexican Securities Market Law.

It is important to point out that this committee monitors the progress made in Traxión's Sustainability Strategy, which is previously approved by the Executive President and coordinated with the Group's corporate departments and business units, through the Sustainability Committee. It also reports on this progress to the Board of Directors. In this way, we reinforce the integration of environmental, social, and governance (ESG) factors at all levels for the decision-making process.

Nominations and Compensation Committee

Its obligations include proposing to the General Shareholders Meeting a list of individuals who could potentially become members of the Board whenever one is not ratified and/or the number of directors is increased. It considers candidates from shareholder groups that hold a 10% stake in the company's share capital

Audit Committee

Its functions include:

Evaluating our internal control and internal audit systems to identify any relevant deficiencies.

Following up on any corrective or preventive measures to be taken in the event of non-compliance with the guidelines or operational and accounting policies.

Assessing the performance of the external auditors

Describing and assessing services rendered by the external auditors, other than those related to auditing.

Reviewing our financial statements

Assessing the effects of any modifications to the accounting policies approved over the course of the fiscal year

Following up on any measures to be taken in relation to observations made by shareholders, Board members, top management, employees, or third parties regarding the company's accounting, internal control systems and internal and external audits, as well as any complaints regarding management irregularities, including those reported through anonymous or confidential methods by employees.

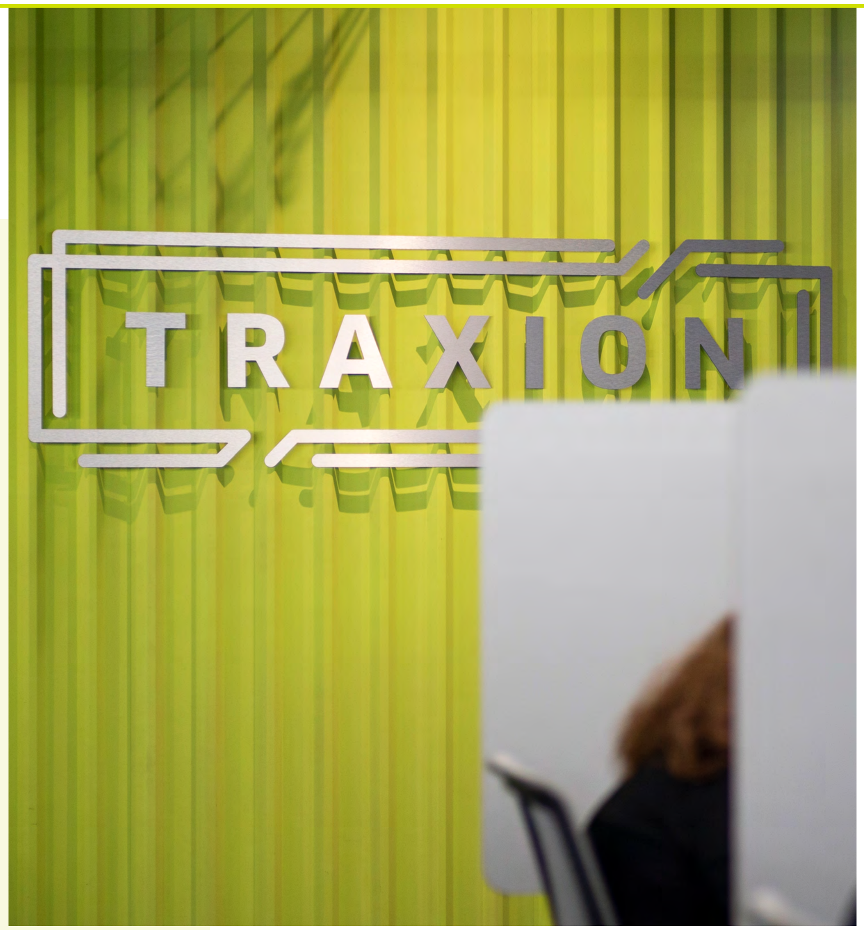
Overseeing compliance with the resolutions of the General Shareholders Meetings and the Board of Directors.

All members of the Audit Committee are independent, as established by the Mexican Securities Market Law, and one of the members is a financial expert.

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

AUXILIARY COMMITTEES

In addition to the main committees, the company has ten other corporate auxiliary committees in place that have specific managing and operational responsibilities. These committees head and coordinate different aspects of our performance and promote efficiencies in the Group's activities. The frequency with which they meet varies depending on the priority given to the topics they address.



The principles that serve as a guideline for management and decision-making by our Board members and senior management include the Mexican Securities Market Law, the Code of Best Corporate Practices (Código de Mejores Prácticas), as well as our internal policies, which are based on global best practices. Key performance indicators and progress in meeting annual goals are monitored weekly by the Operational Excellence (OPEX) team, in collaboration with directors at each business unit. Additionally, the Management Committee conducts monthly monitoring sessions and the Executive Committee conducts a quarterly evaluation.

Remuneration for the CEO and our top management is established by the Corporate Practices and Sustainability Committee and approved by the Board of Directors. It considers a variable conditioned to the Group'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 senior 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.

Between 2020 and 2021, we worked on designing our ESG scorecard, which is related to the priorities established in the Sustainability Strategy and includes short- and medium-term goals. By launching it, we will strive to accelerate our progress in this regard.

- Management Committee
- Sustainability Committee
- Human Capital Committee
- Safety Committee
- Information Security Committee
- Information Technologies Committee
- Innovation Committee
- Procurement Committee
- Commercial Committee
- Profitability Committee

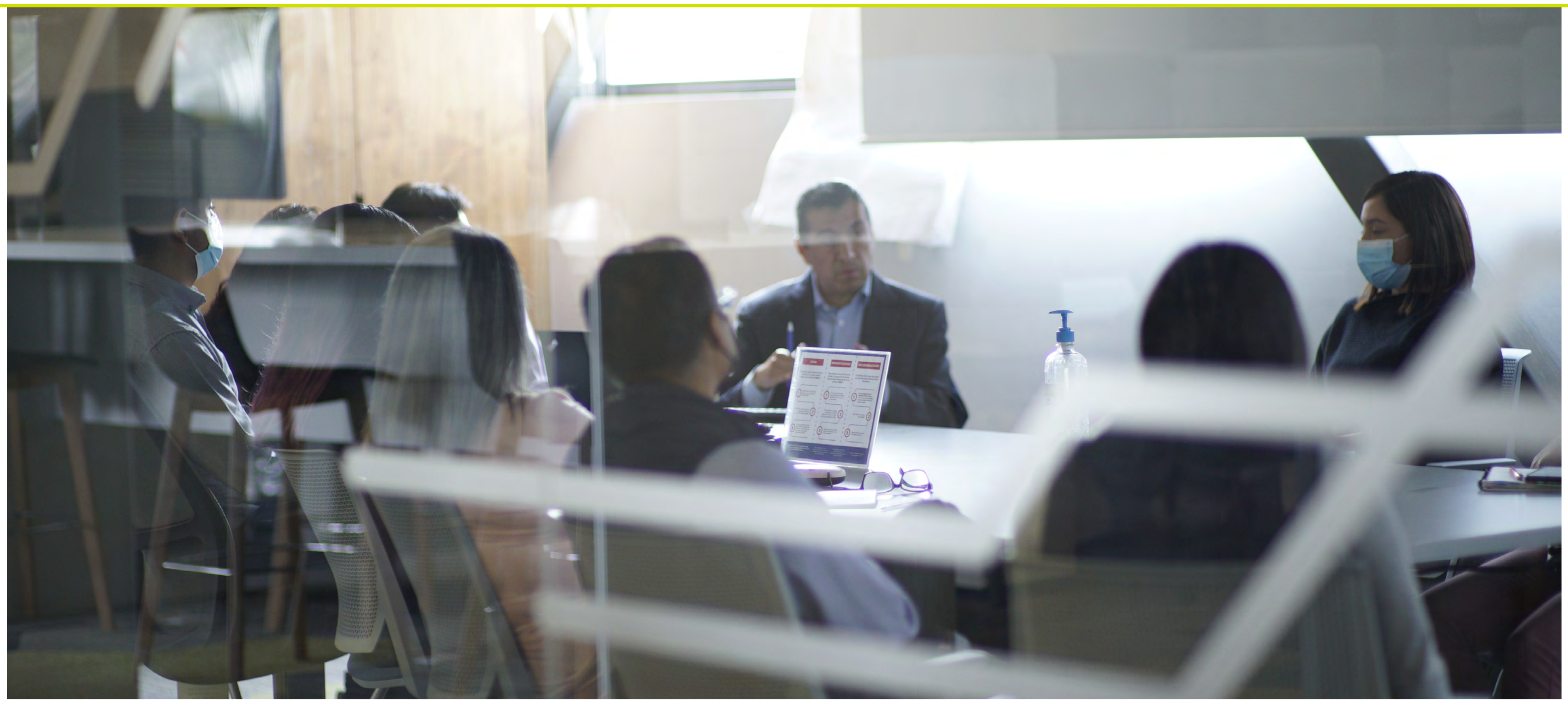
ETHICS AND COMPLIANCE

GRI 2-25, 2-26, 2-27, 3-3, 205-1, 205-2, 205-3, 206-1, 406-1, 415-1 (SASB SV-PS-510a.1, SASB SV-PS-510a.2, TR-AF-310a.2)

We operate at all times in accordance with the law, which we reinforce with our own policies and codes. Correspondingly, we adopt best practices in ethics and integrity.

Our Code of Ethics includes the main guidelines for employees to establish integrity-based relationships among themselves and with external stakeholders; it also explains which behaviors are to be avoided and the consequences of non-compliance. It is complemented with specific policies:

- Anti-Corruption and Integrity Policy
- Policy for Preventing and Identifying Operations made with Illicit Resources
- Policy for Operations with Related Parties
- Compliance Policy
- Protocol to prevent discrimination and address cases of violence, harassment, and sexual harassment and to eradicate forced and child labor, and policy to identify and prevent psychosocial risks.



All new hires receive training on these topics in their onboarding process; in 2022 we will launch an annual online course for all employees on the Code of Ethics and our main policies.

We expand our culture of ethics and requirements to our suppliers with our Code of Conduct for Partners, Suppliers, and Contractors. We actively encourage them to sign their commitment to comply, with 50% of our active Tier 1 suppliers having done so to date.

Potential non-compliance acts identified either by our employees or any of our stakeholders can be reported through the public **reporting helpline**. The confidentiality of the information and anonymity of the complainants is ensured.

The public 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.

In 2021, there were 41 valid cases registered through the reporting line. Afterwards, we determine their nature and the measures taken:

REPORTS

24 Workplace harassment, abuse of authority, discrimination, mobbing, and mistreatment

13 Human resources issues*

02 Sexual harassment

01[4] Compliance, corruption and PML***

01 Customer service

00 Theft/fraud**

00 Operation issues ****

[4] A case was presented for study, apparently related to minor corruption, through the public reporting helpline, which, once the corresponding analysis was done, was determined as a conflict of interest, taking as an action the termination of the employee and maintaining the contractual relationship with our supplier, given that he made the complaint and thereby identified the malpractice.

CASE RESOLUTIONS

23 Reparation of damage

08 Ending of the labor relationship

06 Verbal attention call

02 Administrative reprimand

01 Termination and administrative letter

01 Audit performed

* Conflict of interest, firing, severance pay, payments, non-compliance with the Code of Ethics, destruction, or disclosure of confidential information.
** Robbery of resources and misappropriation of funds, travel not registered in the system, parcel theft, deviation of resources, extortion, trips sold.
*** Gifts, corruption cases, violations in tax compliance, and in the prevention of money laundering (PML)
**** Travel allocation, labor risks, use of illegal substances.

Additionally to responding to the reports, we also 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.

Regarding the protection and use of the information of our customers, suppliers, and employees, we adhere to the law and provide the necessary facilities so they can exercise their ARCO (Access, Rectification, Cancellation, and Opposition) rights. Our **privacy notice** is available to them; it contains considerations regarding the data collected, how it is used, and the options that are available to them for exercising their rights.

Likewise, we have an **Information Disclosure Policy** in place whose goal is to ensure, under confidentiality and transparency criteria, that shareholders, investors, and stakeholders all have the information they need to strengthen their relationship with the Group.

In adherence to the law, we make no contributions to political parties or representatives. On the other hand, we are part of industry-related associations so we can participate at the sector level in the evaluation of public issues and in any relevant actions taken. Particularly noteworthy is our participation in the Mexican Cargo Transport Chamber (Cámara Nacional del Autotransporte de Carga, CANACAR), to which we allocated $1,597,640 MXN in 2021.

For detailed information on the organizations we are part of, **see the Appendix**.

It is important to point out that we received no sanctions for corruption and/or antitrust practices, or for non-compliance with labor or environmental regulations; in all our activities we strictly comply with applicable internal and external regulations, responding to the culture of compliance and integrity established by the Group.

Additionally, we received no complaints from third parties related to unacceptable practices in our suppliers (for example, threats to freedom of association, child, or compulsory labor).

Implementation of certified management systems

In September we obtained the ISO 37001:2016 certification in Anti-corruption Management Systems and the Certificate of Compliance with ISO 19600:2014 for Tax / Money Laundering Prevention Compliance Management Systems . With this we reaffirm our corporate commitment to ethics and transparency and foster an environment of continuous improvement that enables us to achieve our compliance goals.

The ISO certifications referred to herein contribute to the design of Traxiόn s management systems to:

- Prevent, detect, and react to potential acts of corruption, observing all applicable anti-corruption laws and best practices.
- Establish, develop, implement, assess, maintain, and improve compliance with tax and money laundering prevention obligations.

As partners in mobility and logistics, at Traxión we are convinced of the responsibility of permanent compliance, which is why we promote a culture of business ethics that is guided by the highest behavioral standards at all levels, ensuring and communicating to our investors, customers, suppliers, and employees with certainty that the relationship with all of them will be based on integrity and transparency.

[2] Scope: Grupo Traxión S.A.B. de C.V.

GROWTH: INFRASTRUCTURE

OUR **FLEET**

GRI 203-1

We offer a proven capacity the generates trust among our customers. We have a large and diverse fleet with which we are able to rapidly meet market needs and respond to changes in the demand for services based on sector and type.

During 2021 we focused even more on the efficiency of our operation. In People Mobility, in response to the changing demands due to the evolution of the pandemic, we redistributed our fleet to different locations. On the other hand, and particularly in Cargo Mobility, we strengthened our asset-light model by including third-party power units within integrated systems that were technologically coordinated by Traxión.

We currently own **8,729** vehicles, **4.5 %** more than in 2020. Variation was as follows:

4%

+221 power units for People Mobility

2.4%

+53 power units for Cargo Mobility

14.1%

+98 power units for last mile transportation, which is part of the Logistics and Technology segment.

PEOPLE MOBILITY

5,694 Buses and vans for transporting people

CARGO MOBILITY

2,244 Cargo trucks

3,898 Semi-trailers, dry and refrigerated vans, intermodal chassis, platforms, hopper trailers, and tanker trailers.

LOGISTICS AND TECHNOLOGY

791 Last mile power units

578,360 m² of warehouse 3PL solutions

We have the largest People Mobility fleet in the sector; and we place second in Cargo Mobility. We stand out for having modern power units and for harnessing technology to include third-parties—at year-end 2021 we had 1,300 partnerships in place.

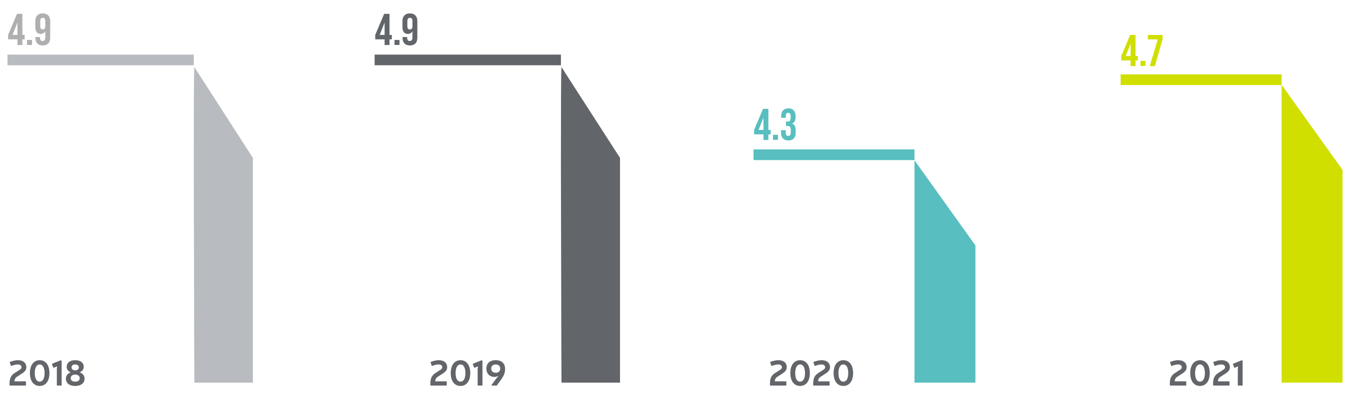
Our modern fleet constitutes a strength that, in addition to providing higher safety and service standards, translates into a more environmentally-friendly operation.

In 2021, the average fleet age for our People Mobility power units was 4.7 years; and in the Cargo Mobility and Logistics and Technology (last mile transportation) segments, the average fleet age was 4.6 years.

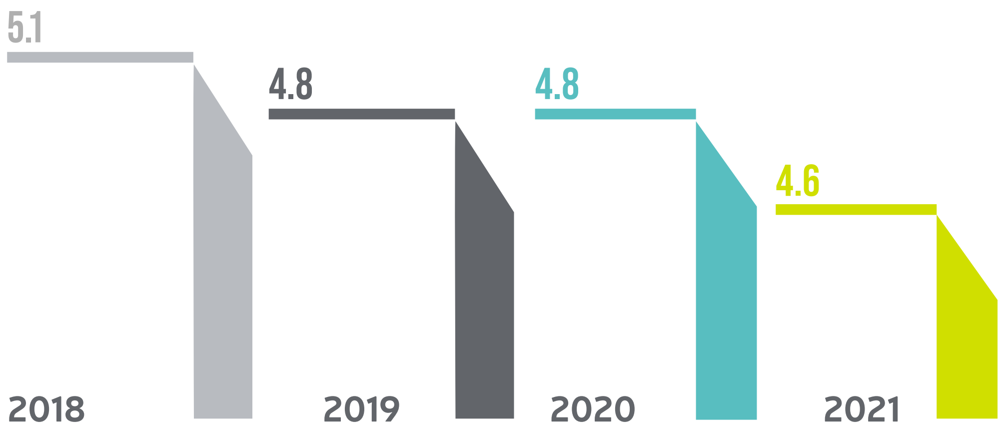
As part of our One-stop Solution model, in the Logistics and Technology segment the warehouse space we offer is larger every year. In 2021, we had 578,360 m2 for 3PL warehouse solutions; that is, 7.9% more than in 2020.

Average fleet age (years)

People Mobility

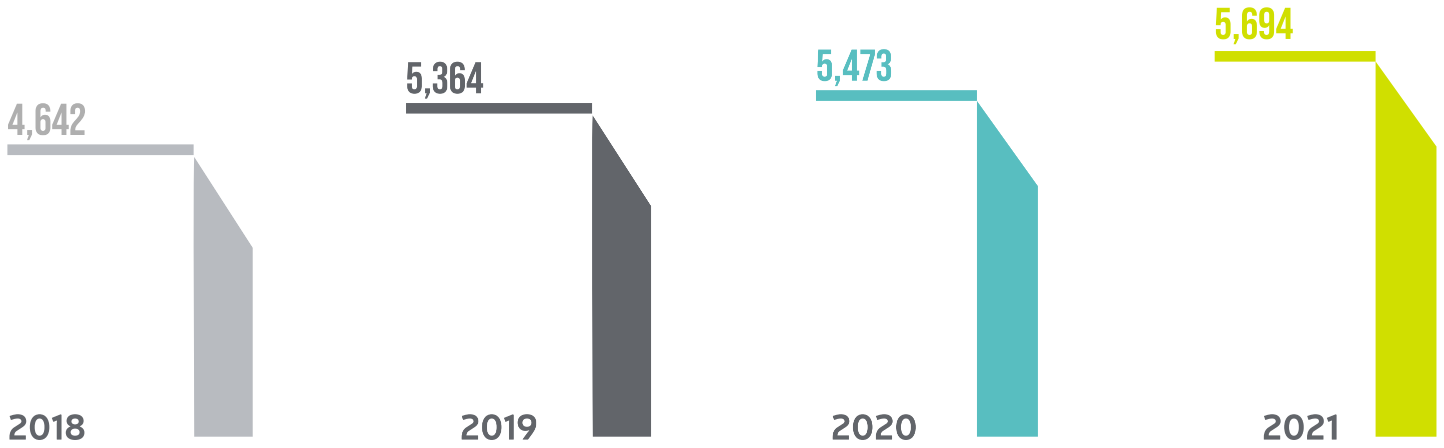


Cargo Mobility and Logistics and Technology

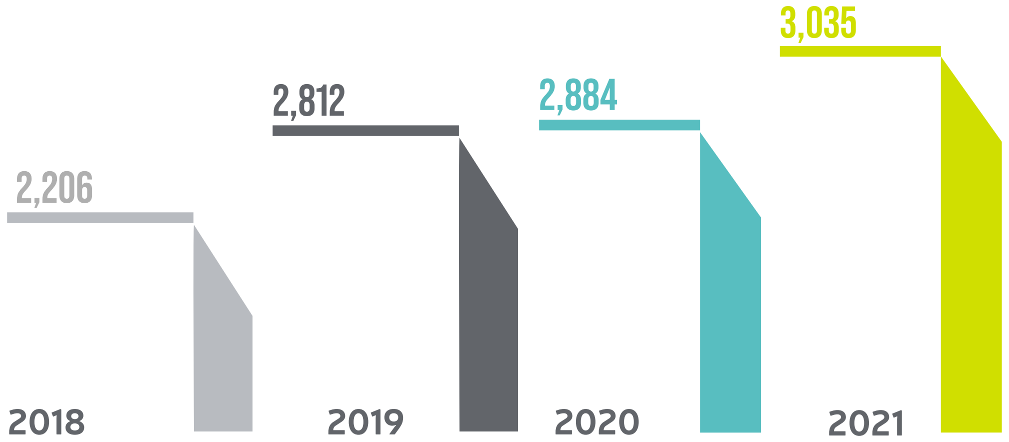


Size of fleet (power units)

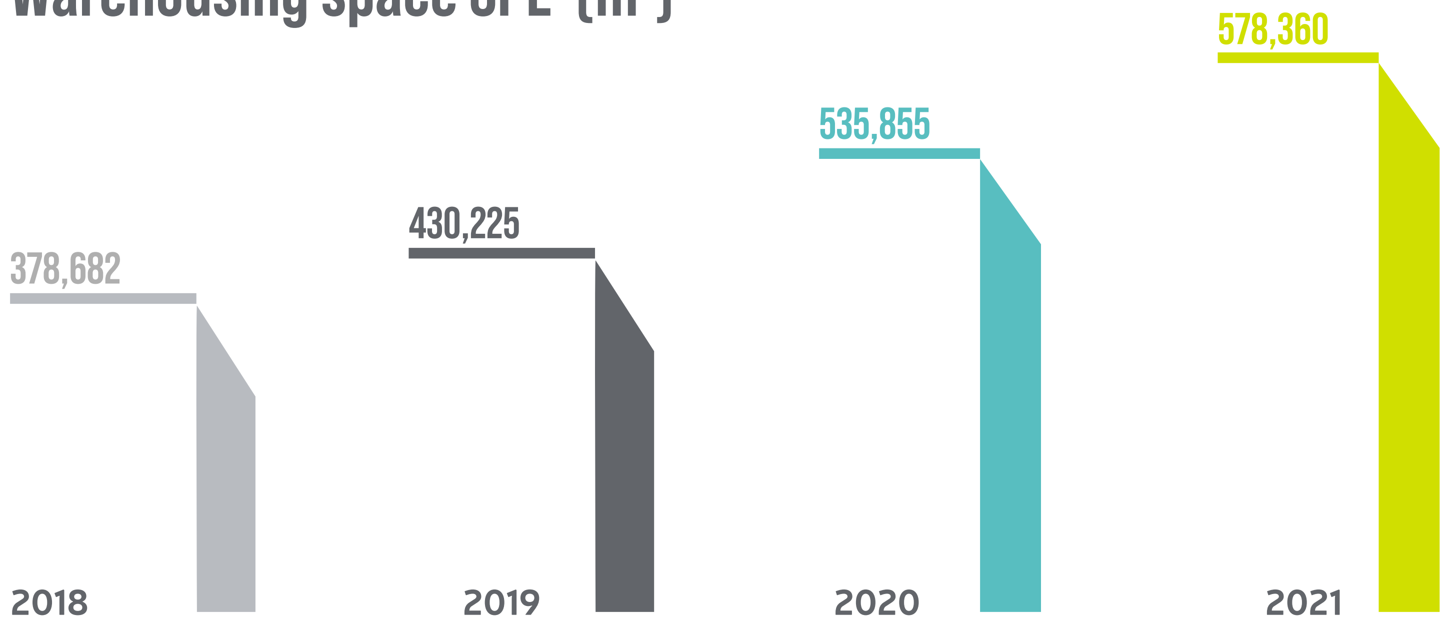
People Mobility



Cargo Mobility and Logistics and Technology



Warehousing space 3PL (m^2)



TRAXIÓN MANAGEMENT MODEL

GRI 3-3

This model entails the integration of technological solutions that enable us to improve our decision-making process thanks to the standardization and optimization of business processes as well as information controls, timeliness, and quality.

Our Operational Excellence (OPEX) department is responsible for the continuous improvement of our processes by means of a standardization based on international standards, particularly ISOs, and the adoption and implementation of best practices. To this end, we monitor the key performance indicators (KPIs) for each business by concentrating them in our Balanced Scorecard which, in turn, is reviewed on a monthly basis by the CEO.

PLATFORMS IN THE 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.

Progress in the implementation of this model has resulted in greater efficiencies in our operation and the alignment of our business units.

With this, employees have the necessary resources to perform their jobs and we ensure customer satisfaction.

Benefits of the Traxión Model:

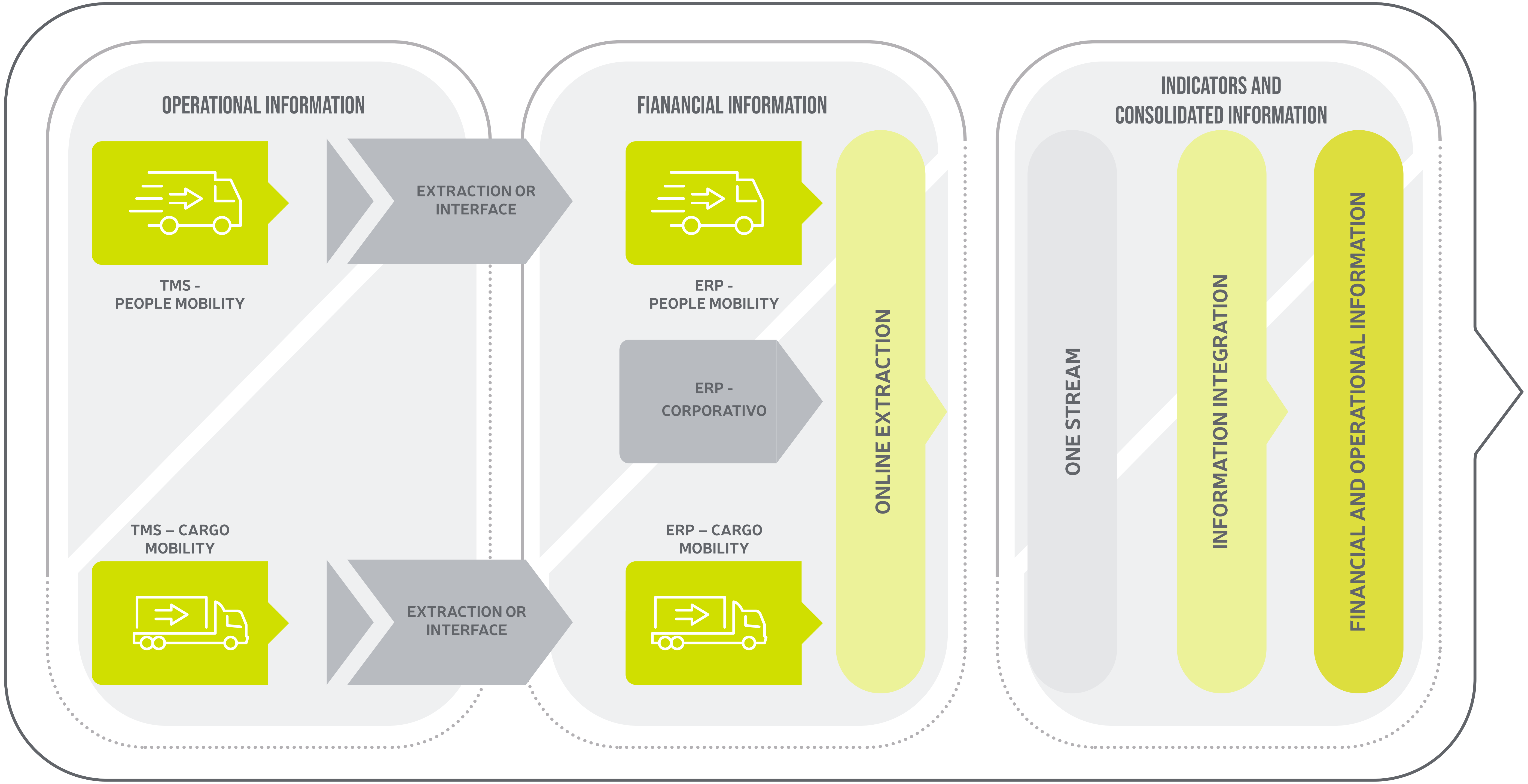
Standardized processes, controls, and criteria for all business units, in addition to each one managing its input data and making decisions based on the output data.

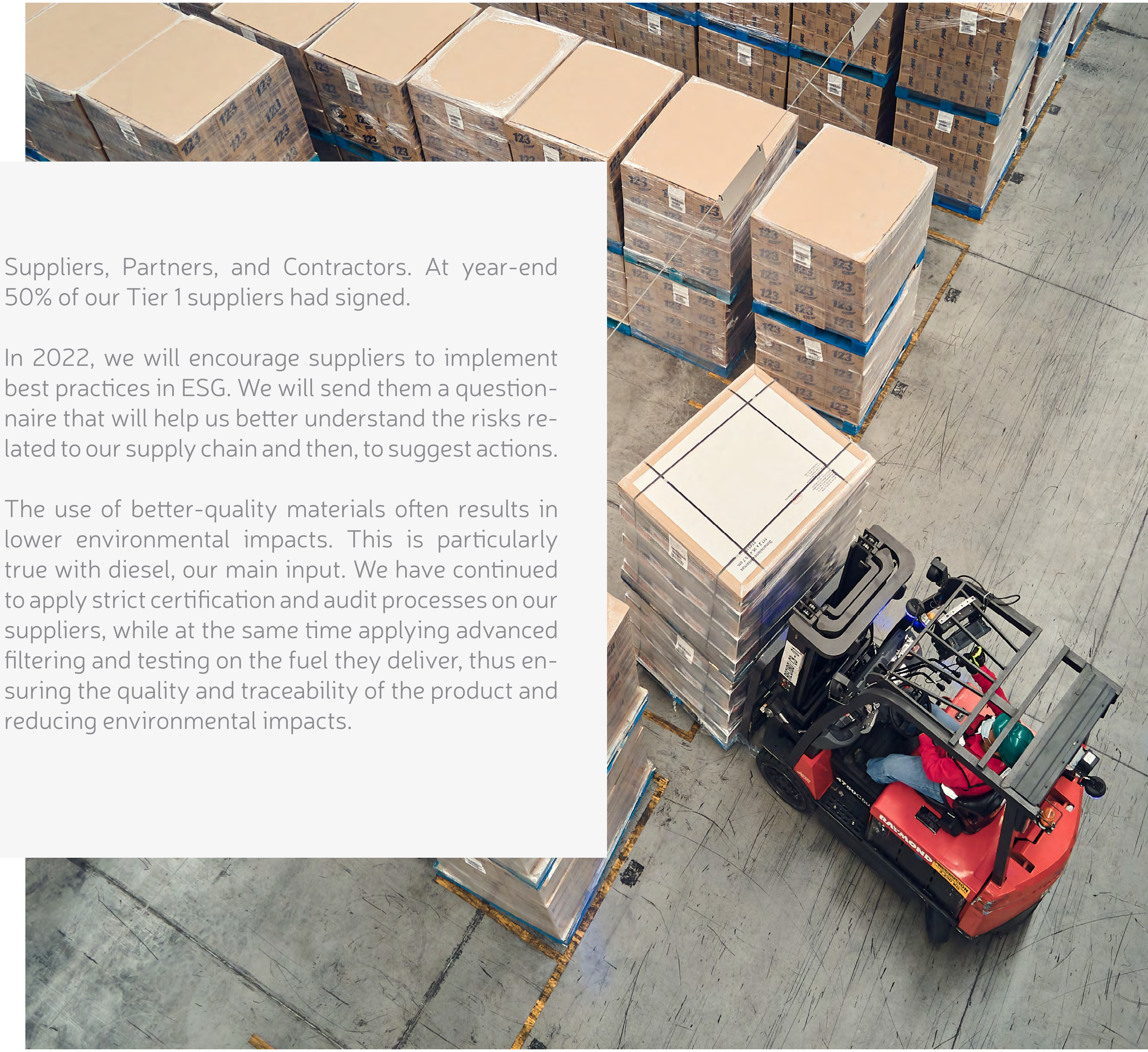
Ensure agile and timely decision-making.
Identify improvement opportunities in procurement conditions with actions at the Group level.

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 synergies in commercial actions across different business units, including cross-selling.

TRAXION MANAGEMENT SYSTEM SCHEME





SUPPLY **CHAIN**

GRI 2-6, 204-1

The quality of the service we offer our customers is a priority for Traxión, which is why we work with suppliers of accredited experience and quality, enabling us to operate efficiently and address their needs in a timely manner and in due form.

Our supply chain includes hundreds of suppliers. At year-end 2021, 24 were classified as Tier 1, all of whom are domestic.

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.

Our commitment to sustainability management and addressing associated risks also extends to our supply chain because their operations and ours are closely intertwined. During 2021, we made it a priority for them to sign their acceptance of and commitment to applying the Code of Conduct for Suppliers, Partners, and Contractors. At year-end 50% of our Tier 1 suppliers had signed.

In 2022, we will encourage suppliers to implement best practices in ESG. We will send them a questionnaire that will help us better understand the risks related to our supply chain and then, to suggest actions.

The use of better-quality materials often results in lower environmental impacts. This is particularly true with diesel, our main input. We have continued to apply strict certification and audit processes on our suppliers, while at the same time applying advanced filtering and testing on the fuel they deliver, thus ensuring the quality and traceability of the product and reducing environmental impacts.

Breakdown of supplier expenses in 2021 Tier 1 y Otros

SUPPLIER CATEGORY	% OF TOTAL SUPPLIER EXPENSES
Diesel	81.3%
Insurance	2.5%
Spare parts	5.2%
Tires	3.2%
Lubricants	1.3%
Phone service	0.5%
Other suppliers (not tier 1)	6.0%

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 75.1% of the total investment budget in 2021, compared to 63.3% in 2020 and 86.0% in 2019.

CUSTOMER SATISFACTION

We seek to always offer the best service leveraging our infrastructure, technology, and the professionalism and efficiency of our operational and administrative staff. In this task, the Traxión Business Model plays a key role, in addition to the work we demand from our suppliers.

In the People Mobility segment, for some time now we have been measuring customer satisfaction levels by conducting quarterly surveys based on the Net Promoter Score (NPS) methodology, supported by an independent platform[1]. In the Cargo Mobility and Logistics and Technology segments, in 2021 we conducted for the first time a company-wide survey—except in last mile—which we are currently implementing. The main results are as follows:

83% People Mobility

55% Cargo Mobility

42% Logistics and Technology (without last mile)

The score varies in a scale of -100% to +100%, which means that scores that are higher than 0 represent the top 50% of the scale.

To complement these surveys, we work on improving our service taking into consideration the scores, implementing action plans and/or corrective measures to address any dissatisfaction detected, and integrating suggestions for improvement that we receive from our customers. These activities have played and will continue to play a key role in improving the results of the survey, particularly in Cargo Mobility and in the Last Mile segment, where we see the most areas for improvement as it was just recently included in this process.

[1] 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.

GROWTH:
INNOVATION AND TECHNOLOGY

INNOVATION AND **TECHNOLOGY MANAGEMENT**

GRI 3-3

The creation and technological development of new business models are key to our Group. We focus on operational and commercial intelligence to implement applications and systems that meet market and customer needs.

We strive for our innovation processes to be agile and address the needs of the whole Group. To this end, we have innovation and technological development teams in place at our different business units, which allows us to address the specific needs of each case, thus enriching corporate decision-making.

The exchange of ideas and monitoring progress is structured by means of two committees.

Innovation Committee:
Promotes innovation within the company by proposing business models, processes, and new technologies. The goal is to satisfy market demands, supported by the Information Technologies Committee and other departments at Traxión.

Information Technologies Committee:
Defines and standardizes Traxión's technologies and processes as part of our efforts to promote innovation. It is key to generating synergies in IT projects both for the company as a whole and for different business units.

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

In the new Logistics and Technology segment, we have made progress in the implementation of data-based operational management solutions. These comprehensive platforms are part of the internal offering for our business units, but we also offer them externally, in the form of a technological partner for other companies in the sector. We are referring here to Traxporta and Traxi, as detailed below.

Additionally, we have a control tower in place to integrate logistics and transportation services, offering a one-stop model across our supply chain. We also provide the Warehouse Management System (WMS).

SYSTEM OR MODULE	OBJECTIVE	PEOPLE MOBILITY	CARGO MOBILITY
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, estimate arrival time, 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.	✓	
FICO	Operational optimization system that searches for the most efficient resource-allocation scenarios	✓	

TRAXPORTA

Was launched as an asset-light platform that connects customer transportation needs with marketplace carriers. Offers real time monitoring of any services hired, while carriers gain access to geo-referenced demands for cargo, all within a single application.

In 2021 we began the integration of the WMS system, which we were already employing at our warehouse management business unit. With WMS we are able to manage inventories and coordinate reception and deliveries.

Likewise, Traxporta is evolving as an operational platform for our Cargo Mobility business units.

It will include: 1) Marketplace cargo services, 2) A benefits system for carriers, 3) the Transportation Management System (TMS), and 4) Control tower, which integrates several technologies and consolidates data generated at the operations.

It is at the center of Traxión's new business segment: Logistics and Technology.

TRAXI

Was born as a mobile application to offer a shared-passenger transportation service on flexible routes, including seat reservations and passenger-management. It operates with our own People Mobility fleet , as well as with third-party fleets.

Its commercial proposal offers control over the number of people in a specific place (including transportation power units) and a marketplace for taxi services at airports.

Traxi Business –we are currently developing a solution to operate transportation for company personnel with third-party power units, strengthening Traxión's asset-light service offering.

Based on its current evolution, Traxi is a technological solution that enables the digitization of personnel mobility management between customers and carriers.

OTHER ADVANCES

GRI 203-1

SAFETY

Technology has also played a key role in improving trip safety parameters. Our power units are equipped with GPS devices, to track them via satellite, and with telemetry, to monitor the driving habits of our operators and promote a safer and more eco-efficient driving.

In the People Mobility segment, 30% of the fleet is equipped with the ADAS system, which consists of external cameras that monitor the road in order to alert operators of any potential collisions. Furthermore, we have begun a pilot test of a driver fatigue and distraction system.

EFFICIENCY

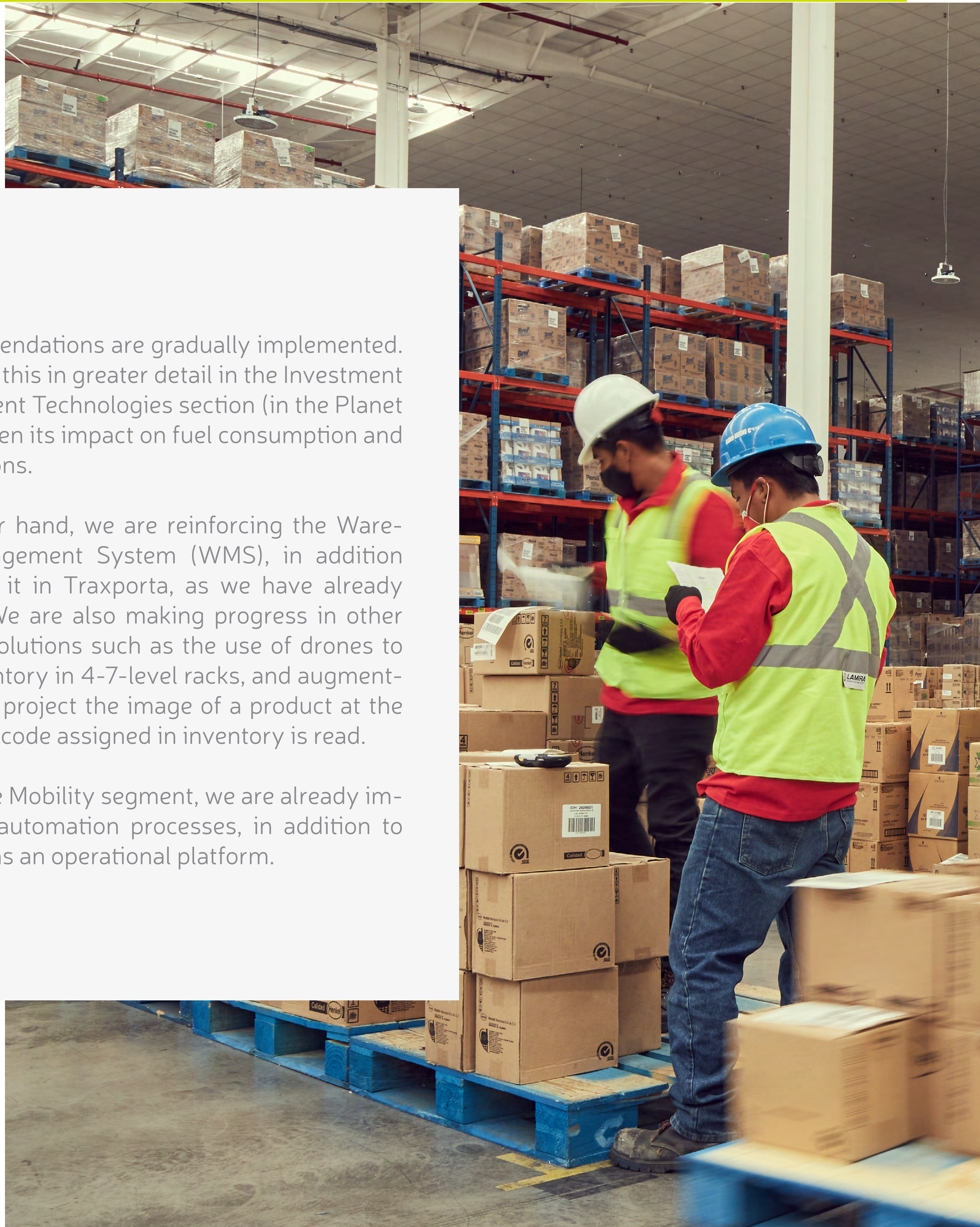
Technological advancements are part of our continuous improvement processes. We are also working on standardizing technology-based best practices and processes.

The evolution of Traxporta and Traxi are a clear example of this, as we have delivered efficient operational platforms for our Cargo Mobility and People Mobility companies, in addition to having a commercial offering for third parties.

In 2021, in collaboration with FICO, we developed a resource allocation system for routes in the People Mobility segment. It optimizes the allocation of power units and operators to minimize the number of kilometers driven in established routes, all based on data analytics. It has enormous potential for improving efficiency as more relevant information and data are added in the future and the system's optimal recommendations are gradually implemented. We describe this in greater detail in the Investment in Eco-efficient Technologies section (in the Planet chapter), given its impact on fuel consumption and GHG emissions.

On the other hand, we are reinforcing the Warehouse Management System (WMS), in addition to including it in Traxporta, as we have already described. We are also making progress in other innovative solutions such as the use of drones to control inventory in 4-7-level racks, and augmented reality to project the image of a product at the moment the code assigned in inventory is read.

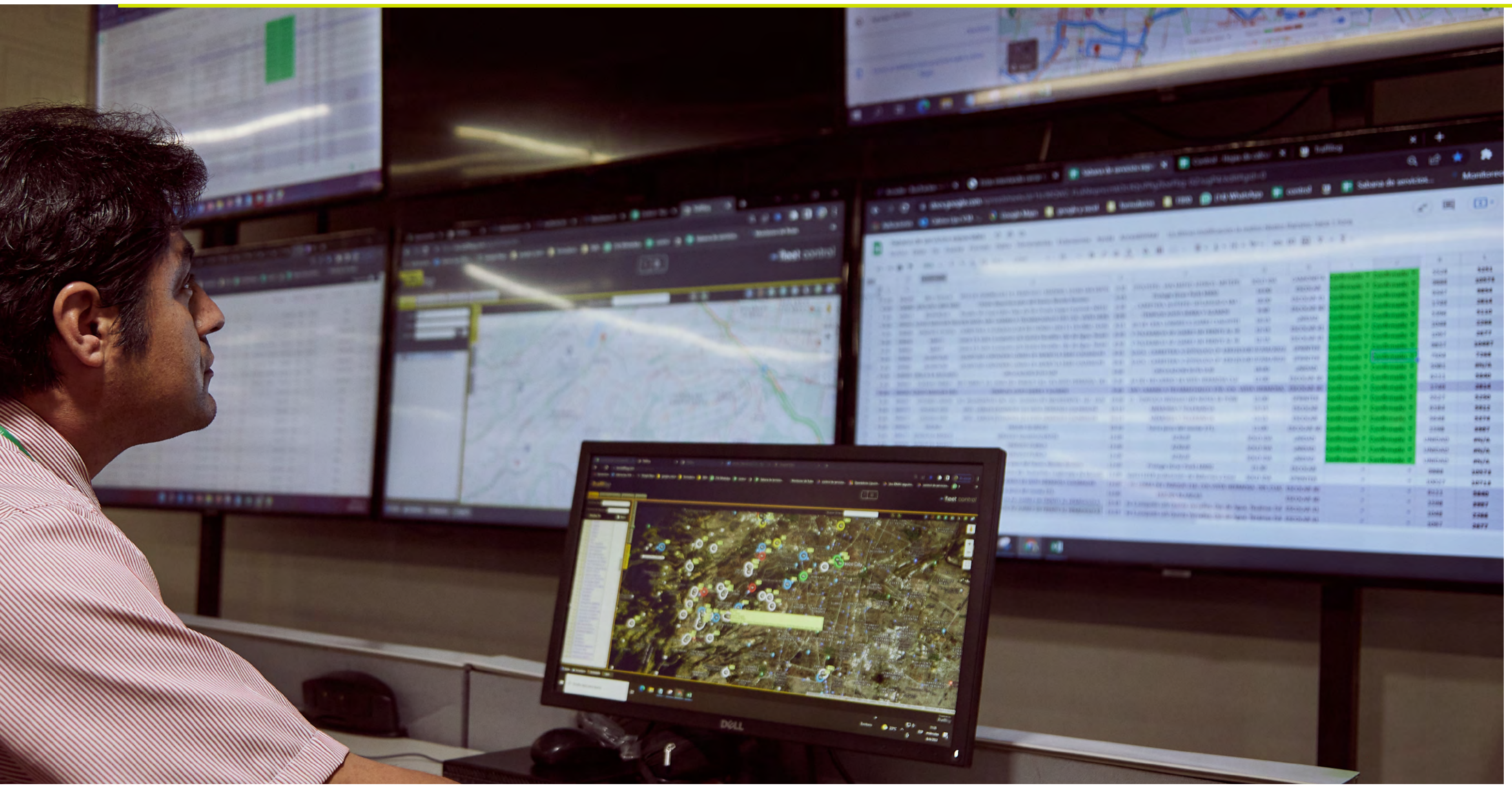
In the People Mobility segment, we are already implementing automation processes, in addition to using Traxi as an operational platform.



USER EXPERIENCE

The goal of the operational platforms we are developing is to offer a better customer experience, including real time access to information on their vehicles and/or their orders.

In People Mobility, we renewed the mobile application to offer a better interaction and more functionalities. The interface is now more intuitive and is particularly focused on parents, who are the main users of this school transportation app.



Self-regulation	Our employees perform their jobs based on the Information Security Policy, applicable to all business units. It is based on ISO 27001 and is aligned with our Code of Ethics. It includes the use of hardware and software and emphasizes control measures and user responsibilities.
Monitoring and control	Our systems are mainly housed on the cloud, employing the highest international safety standards. In case of suspicious activity, employees are obliged to report it to their business unit's IT team, which in turn will report it to the corporate team, if need be. Every business unit has an information security model in place that includes the measures explained here. Redpack, in particular, has been certified under ISO 27001, after having offered intense training to its teams and leaders.
Culture	In terms of cybersecurity, responsibility falls on everyone who is a part of Traxión. Accordingly, we: • Work on raising awareness, which includes sending internal communications regularly. • Offer training programs that reinforce sensitizing, as in Redpack.

CYBERSECURITY

GRI 418-1 (SASB SV-PS-230a.1, SV-PS-230a.2, SV-PS-230a.3)

To ensure information security, we operate based on an integral strategy that addresses: self-regulation, constant strengthening of controls and systems, and a culture of prevention.

We have a team made up of various corporate functions within Grupo Traxión (Risks, Audit, Compliance, Human Capital, Sustainability), led by the Information Technology Department. Likewise, we have an Information Security Committee in place in which every business unit participates. It is responsible for offering first-level monitoring, reviewing policies, and promoting an internal culture, with the support of teams in the Human Capital department. Additionally, the Traxión Audit Committee is in charge of the highest-level monitoring of the company.

Thanks to these efforts, in 2021 we recorded just two incidents, neither of which compromised customer information nor resulted in a fine on Traxión.

GROWTH:
OPERATIONAL AND FINANCIAL RESULTS

MAIN INDICATORS

GRI 2-4

OUR BUSINESS MODEL IS FOUNDED ON THREE PILLARS THAT GENERATE STABILITY EVEN IN POTENTIALLY VOLATILE CONTEXTS.

01 Based on a diversification of services and customers, we participate in several sectors in the economy. This includes our growth in the Logistics and Technology segment, with Traxporta as a key platform for our cargo and third-party services, and Redpack's growth, leveraging the opportunities brought about by the growth in e-commerce and the need for last mile distribution.

02 Financial discipline based on a prudent use of debt, a rigorous allocation of CapEx, and a solid balance sheet.

03 Technological development that offers synergies and efficiency and reinforces our commercial and operational intelligence; includes the advancement of asset-light models to continue to grow our capacity without the need to make an investment in new power units.

Consolidated revenue grew 19.5% year-over-year, to $17,086 million pesos, continuing the upward trend the company has maintained ever since it was first listed in the Mexican Stock Exchange. Revenues by segment were:

- Cargo Mobility grew 11.5%, to $6,112 million pesos. Logistics activities figures are now presented below.
- People Mobility grew 14.6%, to $6,369 million pesos.
- Logistics and Technology, which we are including as an independent segment for the first time, stands out with a 30.5% growth, to $4,606 million pesos.

Based on efficiencies in management, internal discipline, and synergies within our operations, cost increases are in line with the prior year, with an increase of 24.2% to $12,626 million pesos.

Total costs to revenue ratio was 73.9%, practically the same as in 2020 (71.1%). In the profitability analysis of the business, consolidated EBITDA was $3,403 million pesos, 12.8% more than the prior year.

Net income continued to grow, reaching $850 million pesos, or 28.6% more than in 2020.

Our balance sheet continues to be healthy, as proven by our total debt/ EBITDA ratio of 2.00x and net debt to EBITDA ratio of 1.57x, as of December 31st, 2021.

FINANCIAL INDICATORS (B MXN)

	2021	2020	Δ21-20 (%)	2019
Consolidated revenue	17,086	14,298	19.5	12,154
Cargo Mobility	6,112	5,480	11.5	5,597
People Mobility	6,369	5,558	14.6	5,017
Logistics and Technology	4,606	3,529	30.5	1,538
Total costs	12,626	10,162	24.2	8,662
General expenses	2,604	2,394	8.8	2,308
Consolidated operating profit	1,900	1,682	13.0	1,215
Depreciation and amortization	1,503	1,337	12.4	1,296
Non-recurring expenses	-	-	-	46
Consolidated EBITDA	3,403	3,018	12.8	2,558
EBITDA margin (%)	20	21	(100 bp)	21
Consolidated net income	850	661	28.6	449

Note: The Logistics and Technology segment is presented separately; previously it was included in the Cargo Mobility financial results. This is why the table presents variations in the 2020 and 2019 data with respect to prior reports.

	2021	2020	Δ21-20 (%)	2019
Earnings per share (MXN)	1.59	1.23	29.3	0.84

FOLLOWING ARE THE MAIN OPERATIONAL INDICATORS.

OPERATIONAL INDICATORS[1]

	2021	2020	Δ21-20 (%)	2019
Kilometers driven (millions)	628.8	563.3	11.6	551.4
Cargo Mobility	269.8	248.6	8.5	250.1
People Mobility	359.0	314.7	14.1	301.3
Average fleet (power units)	8,729	8,357	4.5	8,245
Cargo Mobility	2,244	2,191	2.4	2,191
People Mobility	5,694	5,473	4.0	5,364
Last mile (Logistics and Technology)	791	693	14.1	621
Average revenue per kilometer (MXN/km)				
Cargo Mobility	22.31	21.41	4.2	22.23
People Mobility	17.74	17.66	0.5	16.65
Average costs per kilometer[2] (MXN/km)				
Cargo Mobility	15.99	15.9	0.5	16.2
People Mobility	11.73	11.23	4.4	11.2
3PL warehouse (m^2)	578,360	535,855	7.9	419,727
Revenue per m^2	172.90	174.58	(1.0)	169.89
Cost per m^2	118.56	121.66	(2.5)	133.57

[1] Non-consolidated figures that include inter-company transactions.

[2] Costs per kilometer traveled: salaries, maintenance, net fuel, tolls and other costs, including depreciation and amortization; does not include storage costs.

Total costs were up 24.2%, slightly above the increase in revenue (19.5%).

- The cost of facilities, services, and supplies amounted to 39.9% of the total; the 25% increase corresponds to outsourcing of logistics processes and warehouse leases.
- Fuel costs amounted to 18.9% of the total, registering the highest increase across the board, resulting from the natural expansion of the business and the 13.9% increase in the general price of fuel during the fourth quarter of 2021.
- Labor costs amounted to 17.7% of the total; the increase continued to respond mainly to the growth in our workforce related to more operations and businesses, as has occurred over the previous years.
- Power units maintenance costs represented 6.9% of the total. The 25% increase was the result of maintenance given to outsourced power units and a corrective maintenance program

TOTAL COSTS (B MXN)

	2021	2020	Δ21-20 (%)	2019
Fuel	2,387	1,812	31.7	2,288
Labor costs	2,240	1,936	15.7	1,928
Tolls (highways)	777	615	26.3	554
Fleet maintenance	870	696	25.0	684
Facilities, services, and supplies	5,037	4,043	24.6	2,181
Depreciation and amortization	1,316	1,060	24.2	1,025
Total costs	12,626	10,162	24.2	8,662
% revenue	73.9	71.1	282 bp	71.3

CapEx

In 2021, our investment in CapEx was in line with the company's estimated budget which considered investments in technology, fleet renovation, and in transportation equipment, all of which drive growth.

At year-end it stood at $1,935 million pesos, of which 48.4% was allocated to the People Mobility segment, followed by the Cargo Mobility segment with 44.7%, and 6.9% to the Logistics and Technology segment, which is less dependent on CapEx to operate.

Share price

Grupo Traxión is listed on the Mexican Stock Exchange (BMV: TRAXIONA), with 39.15% of the capital stock in free-float. The company's stock capitalization was at $16,996 million pesos, with 489,800,903 million outstanding shares.

At year-end 2021, share price was $34.70 pesos.

On the other hand, we also issued debt through the Institutional Stock Exchange (Bolsa Institucional de Valores, BIVA).

SEGMENT **ANALYSIS**

Cargo Mobility

Revenue for the Cargo Mobility segment grew 11.5%, to $6,112 million pesos; the comparison with 2020 already takes into consideration the extraction of the Logistics and Technology segment, which is now being reported separately.

The expansion in specialized and refrigerated cargo is particularly noteworthy, with a 4.2% increase in revenue per kilometer for the year.

CARGO MOBILITY - FINANCIAL INDICATORS (B MXN)

	2021	2020	Δ21-20 (%)
Revenue	6,112	5,480	11.5
Total costs	4,387	3,927	11.7
General expenses[3]	988	780	26.7
Operating profit	737	773	(4.7)
EBITDA	1,364	1,339	1.9
EBITDA margin	22.3	24.4	(210) bp

CARGO MOBILITY - OPERATIONAL INDICATORS

	2021	2020	Δ21-20 (%)
Load factor[4]	0.96	0.96	(0.22)
Kilometers driven (millions)	269.8	248.6	8.5
Average fleet (power units)	2,244	2,191	2.4
Average fleet age (years)	4.6	4.8	(4.2)
Average revenue per kilometer (MXN/km)	22.31	21.41	4.2
Average costs per kilometer51 (Ps./km)	15.99	15.9	0.6

Note: 2020 data is presented in an inter-annual comparison; 2019 is not included because there is no separate data for Cargo Mobility and Last Mile (Logistics and Technology segment)

[3] Includes general expenses and an estimate of doubtful accounts.
[4] 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.

People Mobility

Revenue from the People Mobility segment grew 14.6%, to $6,369 million pesos.

During the second half of the year, we reassigned some of our operations due to a reduction in additional service requests we had had from customers resulting from the COVID-19 pandemic and due to schools reopening; this came hand-in-hand with the progressive normalization of activities within a scenario of lower contagion rates.

In all, in 2021 our organic growth remained in line with our plans, resulting in the expansion of certain financial metrics and operational indicators such as average fleet and kilometer volume.

PEOPLE MOBILITY - FINANCIAL INDICATORS (B MXN)

	2021	2020	Δ21-20 (%)	2019
Revenue	6,369	5,558	14.6	5,017
Total costs	4,210	3,535	19.1	3,375
General expenses	1,009	1,012	(0.3)	975
Operating profit	1,150	943	22.0	651
EBITDA	1,730	1,485	16.5	1,209
EBITDA margin	27.2	26.7	50.0	24.1

PEOPLE MOBILITY - OPERATIONAL INDICATORS

	2021	2020	Δ21-20 (%)	2019
Kilometers driven (millions)	359.0	314.7	14.1	301.3
Average fleet (power units)	5,694	5,473	4.0	5,364
Average fleet age (years)	4.7	4.3	9.3	4.9
Average revenue per kilometer (MXN/km)	17.74	17.66	0.5	16.65
Average costs per kilometer (MXN/km)	11.73	11.23	4.5	11.20

Logistics and Technology

This year we began to formally report results for this segment, in line with our objective of strengthening the segment's growth as established in the company's strategy.

Without taking into consideration Cargo Mobility operations, the segment grew 30.5% in terms of its operational and financial indicators. Its development continued to be based on the higher capacity of third-party assets (asset-light model) both in the 3PL warehouse business and in last mile distribution.

The segment shows an expansion in its EBITDA margin, driven by better execution and higher margins.

During 2021, service revenue for last mile grew 65.0% as a result of an increase in e-commerce and the evolution of services related to this channel.

LOGISTICS AND TECHNOLOGY - FINANCIAL INDICATORS (B MXN)

	2021	2020	Δ21-20 (%)
Revenue	4,606	3,259	41.3
Total costs	4,010	2,701	48.5
General expenses	379	468	(19.0)
Operating profit	217	90	141.1
EBITDA	439	268	63.8
EBITDA margin	9.5	8.2	130 bp

LOGISTICS AND TECHNOLOGY - OPERATIONAL INDICATORS

	2021	2020	Δ21-20 (%)
Average fleet (power units, last mile)	791	693	14.1
Warehouse space (m^2)	578,360	535,855	7.9
Average revenue per kilometer (MXN)	172.90	174.58	(1.0)
Average costs per kilometer (Ps.)	118.56	121.66	(2.5)

Note: 2020 data is presented in an inter-annual comparison; 2019 is not included because there is no separate data for Cargo Mobility and Last Mile (Logistics and Technology segment)

DEBT PROFILE

As established in our strategy, the increase in debt was limited to $312 million pesos, for a net debt/ EBITDA ratio at year-end of 1.57x, which is similar to the 1.60x at year-end 2020.

The main purpose behind our indebtedness is to fund our need to invest in power units and working capital.

DEBT BREAKDOWN (B MXN)

	2021	2020	Δ21-20 (%)	2019
Short-term debt	566	1,027	(44.9)	1,307
Capitalizable short-term leasing	121	131	(7.6)	223
Long-term debt	5,797	4,873	19.0	3,478
Capitalizable long-term leasing	329	470	(30.0)	760
Total debt	**6,813**	**6,501**	**4.8**	**5,768**
Cash[5]	1,475	1,724	(14.4)	581
Net debt	**5,338**	**4,777**	**11.7**	**5,187**

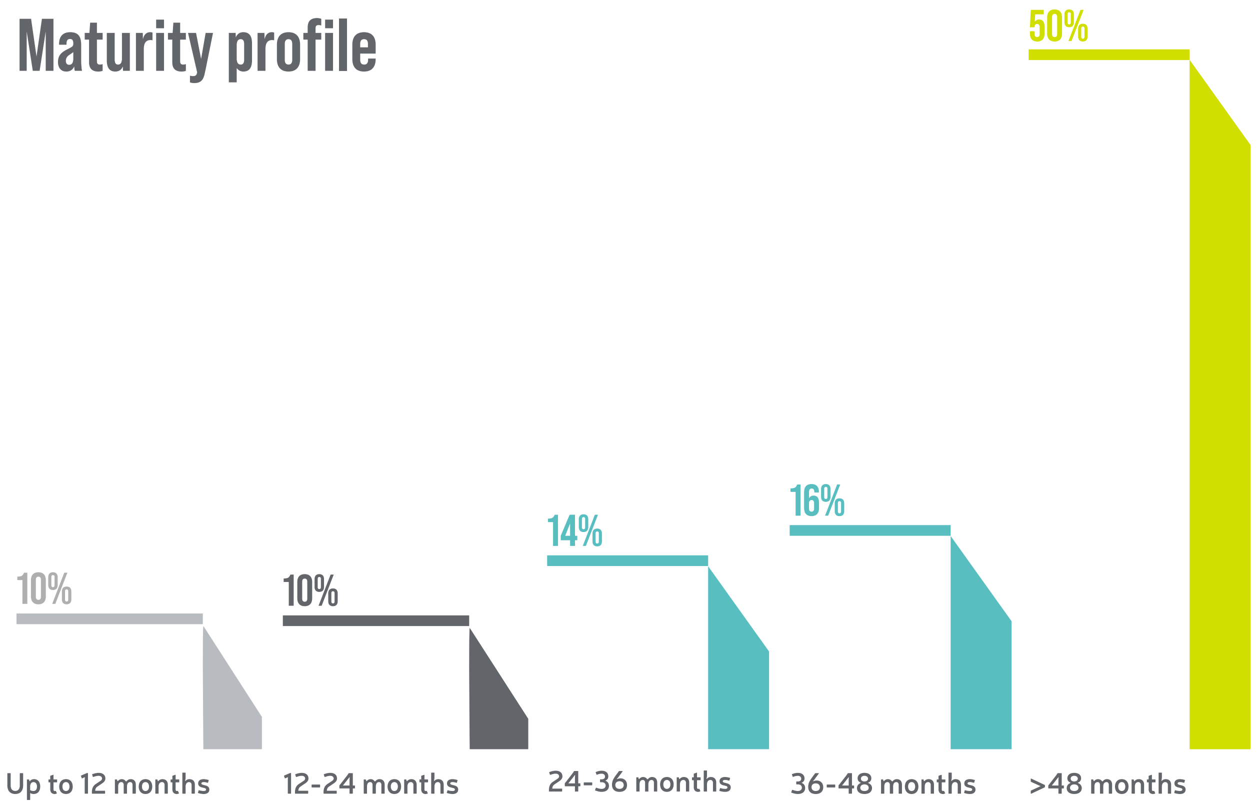
[5] Includes cash and equivalents and investment in shares

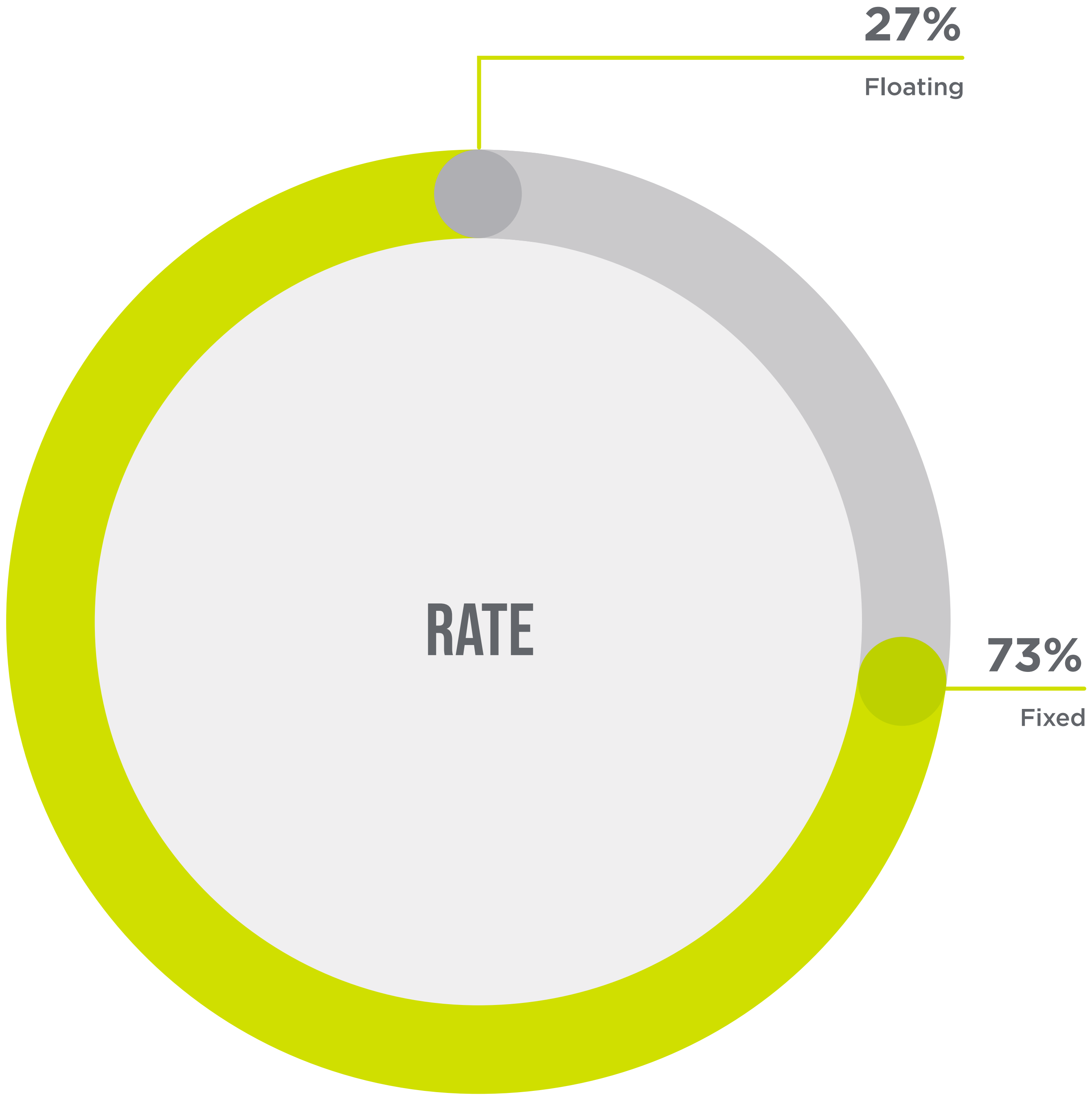
LEVERAGE RATIO

	2021
Total debt/ EBITDA[6]	2.00x
Net debt[7] / EBITDA[6]	1.57x
Total debt/ Stockholders equity	0.60x

[6] EBITDA for the last 12 months /debt, as determined by the syndicated loan.
[7] Includes the effect of financial derivatives.

Maturity profile





ECONOMIC VALUE DISTRIBUTED

GRI 201-1, 201-4

Based on our operational and financial management, our goal is to create value for our stakeholders. This is reflected in the way in which we distribute our economic value generated in several item lines such as employee remuneration, investments in the community, taxes, and the generation of opportunities in our supply chain.

Following we present the relationship between our value generated and our value distributed. The difference corresponds to the economic value retained, which will allow us to continue generating opportunities in the short- and medium-term.

ECONOMIC VALUE GENERATED AND DISTRIBUTED (M MXN)

	2021
Economic value generated (EVG)	**17,406,523**
Net income from services	17,086,471
Other operational income	297,858
Income from interests	22,194
Economic value distributed (EVD)	**14,857,410**
Costs, operating expenses, other expenses (excluding depreciation and amortization)	10,080,205
Salaries and benefits (employees)	3,894,948
Payments to suppliers of capital	576,300
Investment in the community	5,921
Payments to the government (taxes)	300,035
Economic value retained (EVR)	**2,549,113**

Notes:
Revenue: Net sales + income from financial investments (interests) + other income
Costs: Operational costs, general expenses, and other expenses (excluding depreciation and amortization)
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). We receive no financial aid from government entities.
Investment in the community: Scholarships and operating expenses of the Traxión Foundation, including salaries. The amount of Traxión's social investment presented here differs from that in the table presented in the chapter People: Traxión Foundation, in that the social investment included in the EVD does not include the value of the volunteer hours of our collaborators (since it is an indicative estimate) nor the value of the contributions in kind of Traxión.

PEOPLE: HUMAN CAPITAL

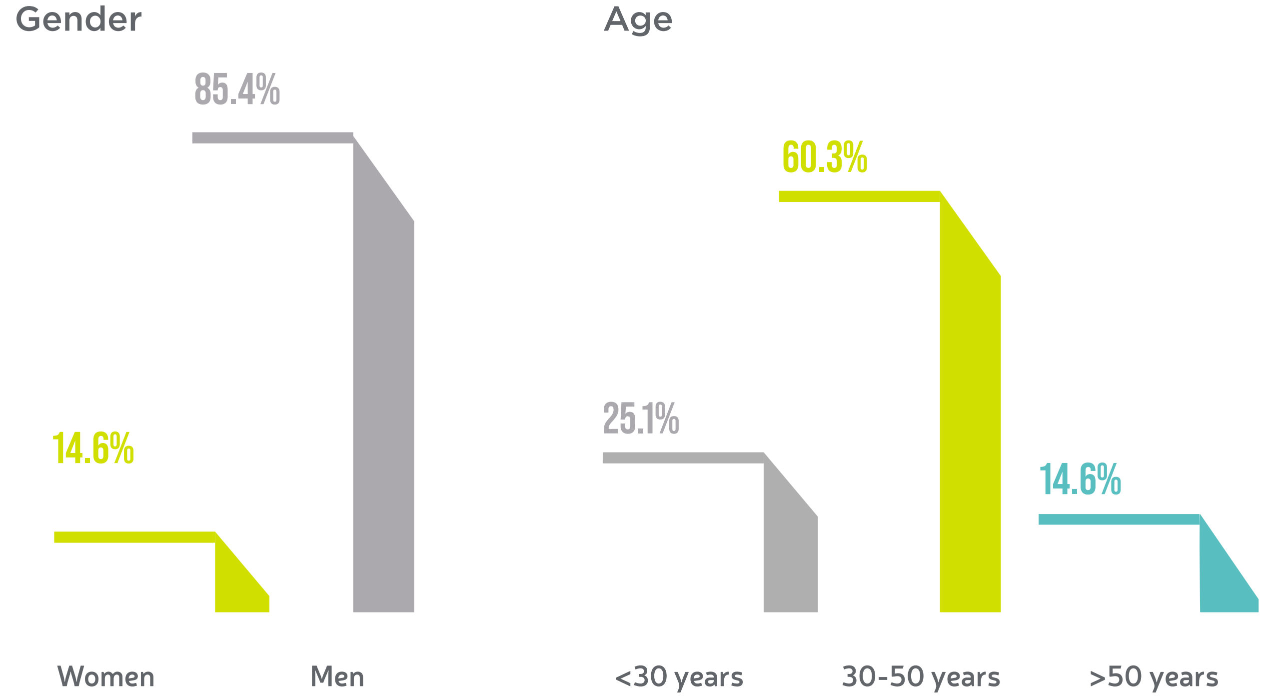
LABOR DEMOGRAPHICS AND DIVERSITY

GRI 2-7, 2-30, 405-1 (SASB TR-RO-000.C, TR-AF-000.C, SV-PS-330a.1)

Our operational and service model responds to the needs and expectations of our customers, in our different business segments. Accordingly, the Group continues to increase its workforce, in addition to offering growth opportunities to its employees.

At year-end 2021, we had 17,396 employees, 4% more than last year, of whom 74% had a permanent contract; in general, employees work full-time.

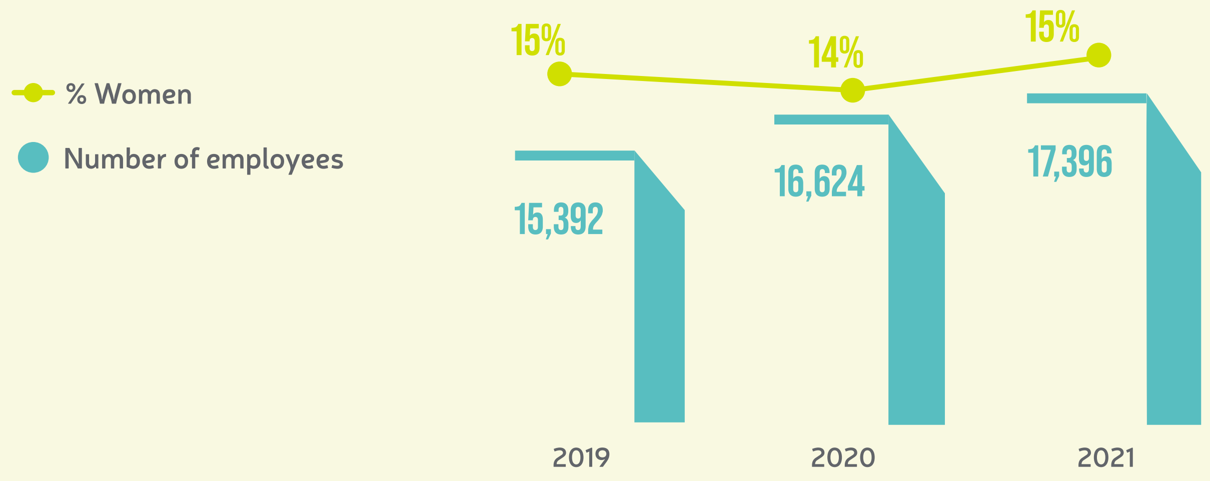
2021 Labor demographics



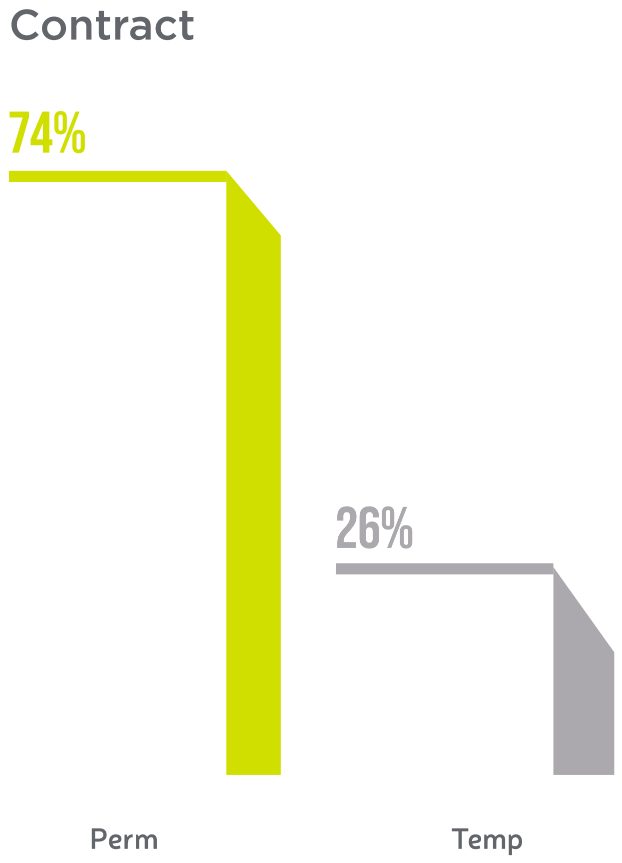
We are a high-performance team which at all times has proven its strong commitment to the company. We have the best talent and contribute to the development of our employees' professional competencies. We promote diversity and inclusion in an environment of respect and collaboration.

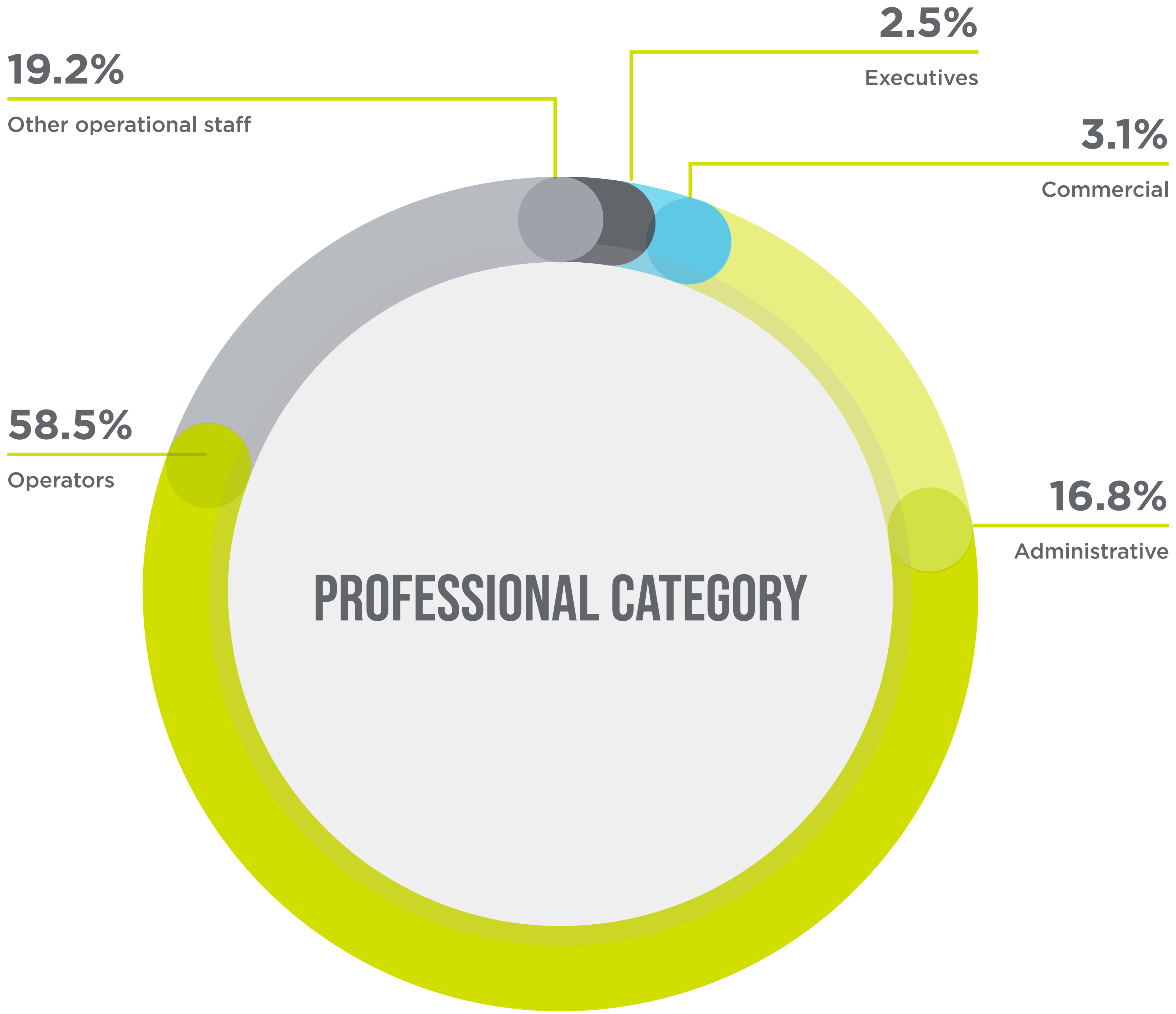
Over the course of the year, we continued creating job opportunities and offering adequate labor conditions that ensure the health and safety of our employees.

Number of employees | % women



2021 Labor demographics





Note:
Executives: Top and middle management
Other operational staff: warehouse and maintenance staff

NUMBER OF EMPLOYEES IN 2021

	YOUNGER THAN 30		BETWEEN 30 AND 50		OLDER THAN 50		TOTAL	
	W	M	W	M	W	M	W	M
Top Management	1	0	6	53	3	33	**10**	**86**
Middle Management	9	12	64	178	16	52	**89**	**242**
Commercial	105	65	175	152	21	17	**301**	**234**
Administrative staff	386	501	633	1,039	119	243	**1,138**	**1,783**
Transportation unit operators	16	1,802	106	6,501	16	1,732	**138**	**10,035**
Other operational staff[1]	404	1,056	399	1,185	62	234	**865**	**2,475**
Total workforce	**921**	**3,436**	**1,383**	**9,108**	**237**	**2,311**	**2,541**	**14,855**

Women (W); Men (M)
[1] Other operational staff: warehouse and maintenance staff

We continued to foster gender equality at all levels of the company, particularly in middle and top management positions. Our corporate guidelines establish that at least one woman be included in the final pool of three candidates being considered to occupy administrative vacancies. We also emphasize that they be included in technical teams, in an effort to harness the increase in the number of professional women.

14.6%
women in the Group

10.4%
of top management positions held by women

26.9%
of middle management positions held by women

37.0%
of top and middle management positions with commercial responsibilities (revenue-generating and/or with a responsibility for gains and losses).

47.1%
women in STEM (science, technology, engineering, and mathematics) **positions.**

Note:
STEM positions at Traxión include positions in engineering, information technologies (IT), and innovation and technology.

We also address other types of diversities. Once we finalized the mapping exercise we carried out in 2020 to identify such opportunities, 6 people with disability have become part of the Traxión team.

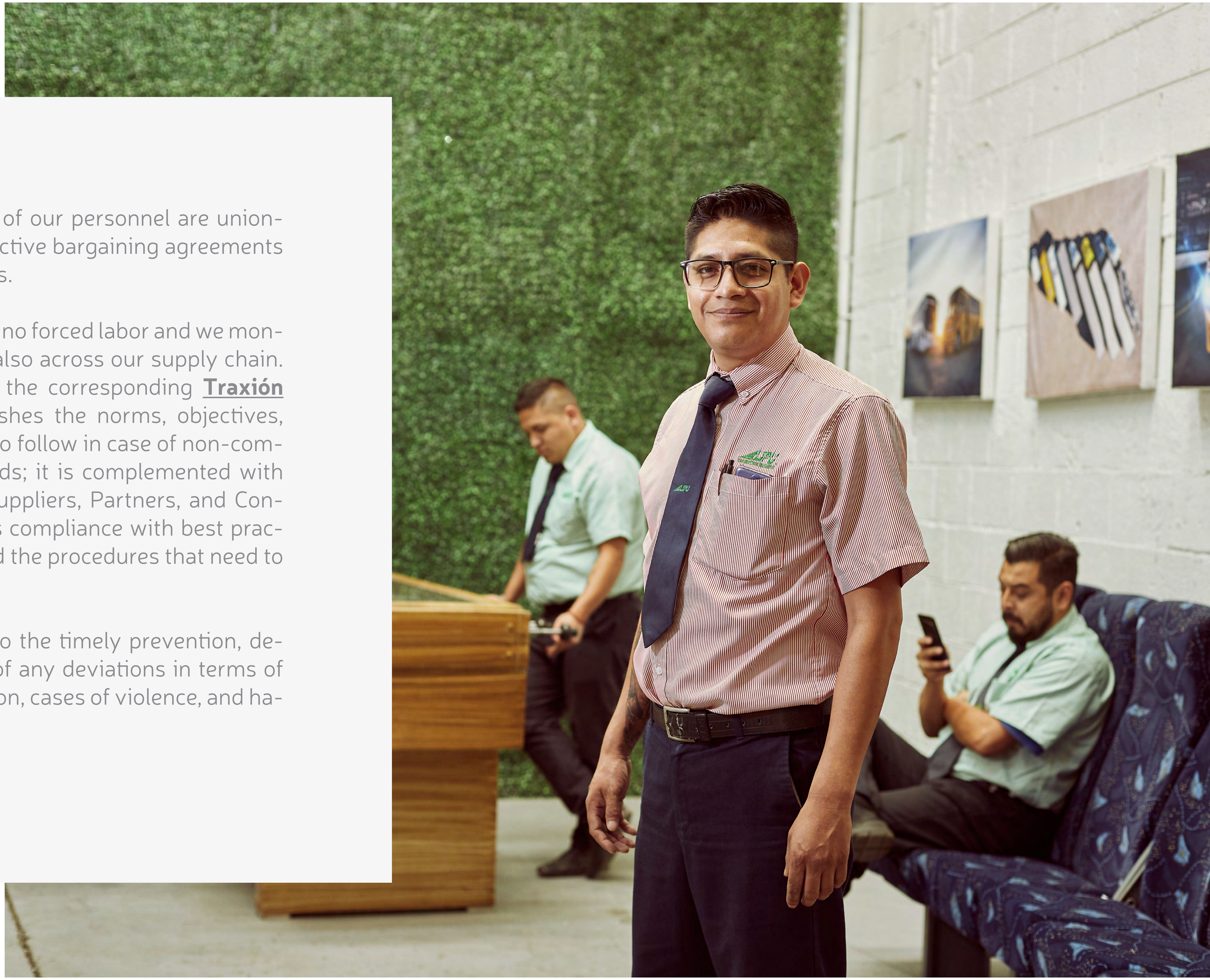
In terms of nationality, the vast majority of our employees are Mexican: 99.9% of the total workforce; 99.3% in management positions (top and middle management). Specifically, 97.9% of top managers are Mexican.

We strive to offer a pleasant work environment that favors integration and a sense of belonging, with respect for diversity, and with zero tolerance for any kind of discrimination.

Additionally, we offer stable labor conditions for our employees, in a sector otherwise known for its informality. We ensure freedom of association in an environment in which 67.6% of our personnel are unionized and covered by collective bargaining agreements subscribed with 19 unions.

At our operations there is no forced labor and we monitor that this is the case also across our supply chain. We do this by applying the corresponding **Traxión Protocol**[2], which establishes the norms, objectives, actions, and procedures to follow in case of non-compliance with our standards; it is complemented with the Code of Ethics for Suppliers, Partners, and Contractors, which stipulates compliance with best practices in human rights, and the procedures that need to be followed.

We strive to contribute to the timely prevention, detection, and eradication of any deviations in terms of forced labor, discrimination, cases of violence, and harassment.



[2] Protocol and policy to prevent discrimination, violence, workplace harassment, sexual harassment, compulsory and child labor, and psychosocial risks

ATTRACTION AND RETENTION

GRI 401-1, 401-2 (TR-RO-320a.3) (SV-PS-330a.2)

Although the last two years have been challenging, we have continued to make progress and stand out thanks to our team. In addition to protecting existing jobs, as a result in the increase in the demand for our services, we created opportunities for new operators. We also offered development opportunities to our existing employees.

We seek to employ the best talent. We assess the capabilities and expertise of each candidate, with no distinctions for gender, age, religion, ethnic origin, political preferences, or socioeconomic status.

In 2021, we hired 15,438 employees, 13.5% of whom were women; our new hires rate[3] was 88.7%.

Additionally, we continued to generate comprehensive plans to improve the sense of belonging of our employees and increase their satisfaction with and loyalty to the company.

[3] New hires rate: total hires*100/total workforce (at year-end).

Our sector in particular is suffering from an operator deficit. However, thanks to the hard work of our recruiting teams and the trust we have earned from operators who already are part of Traxión, we have maintained an operator coverage rate of 98.5%, similar to that of the previous year.

TURNOVER	2019	2020	2021	Δ21-20 (PB)
Operators and other operational staff				
Total turnover rate (%)	65.7	49.1	51.8	270
Voluntary turnover rate (%)	ND	33.6	36.9	360
Total workforce				
Total turnover rate (%)	ND	ND	51.8	ND
Voluntary turnover rate (%)	ND	ND	36.9	ND

Notes:
-We estimate the turnover rate as #employees who left the company*100/#total headcount at year-end.
-For operators, we monitor the turnover rate on a weekly basis. We estimate it by dividing the total number of weekly terminations 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.
-Starting in 2021, we began to estimate the total turnover rate as statistical data. For management purposes, we use our own rates for each professional category.

On average, our recruiting costs in the Cargo Mobility and People Mobility segments come to $10,000 pesos; in the Logistics and Technology segment, they are $4,000 pesos (includes warehouse personnel).

We work based on Traxión's own Operator Permanence Guide, which is a benchmark in the sector. We continued implementing recognitions plans for the best operators, with rewards that also benefit their families. Outstanding operators receive either a food coupon or a food package that is delivered to their home, in addition to words of recognition from their superiors

TRAINING AND DEVELOPMENT

GRI 2-24, 401-2, 404-1, 404-2, 404-3

At Traxión we are committed to the professional development of our employees. We offer training and development programs at all levels of the organization, including for our operational and administrative staff, and top and middle managers.

We invested $8.9 million pesos in training during 2021, which shows Traxión s special effort to develop programs this year. We employ technology to expand the reach of our training with online courses and webinars which make it easier for our employees to benefit from them.

TRAINING

		2019	2020	2021
Training hours		261,664	199,488	253,956
Hours per employee		17	12	12*
Hours per job category	Administrative staff	ND	10	11
	Operational staff	ND	13	12

*12 hours on average for male employees and 11 for women; this does not point to a gender bias in our training but rather responds to the existing gender distribution in professional profiles and job-related training.

For our top management at both the corporate level and our business units , we offer a program to develop leaders that includes a group coaching plan. The plan was prepared based on an evaluation of the effectiveness levels of the top managers related to Traxioń s leadership competencies. The coaching plan is offered by the Human Capital corporate department, in collaboration with external specialists –we are convinced that our Leaders can develop Leaders. In 2021, we offered this coaching plan to the first group of employees; we will continue on to a second phase in 2022, and the scope will be expanded to middle managers.

The following are the main training courses we offer our operators, by segment:

IN THE PEOPLE MOBILITY SEGMENT:

- With operators, we work both on soft and on operational competencies. In 2021 we launched the first online learning platform, focusing on those competencies that have been established as a priority, such as customer service, negotiations, and conflict management, and prevention of harassment.

- In terms of the technical training we offer operators, we combine that platform with practical training on eco-efficient and preventive driving, and maneuvering. Some of the programs are certified by the Ministry of Labor and Social Welfare (Secretaría del Trabajo y Previsión Social, STPS).

- The platform also extends to transportation coordinators and department heads. Additionally, it is complemented with other formats, such as brief training capsules (microlearning).

IN THE CARGO MOBILITY SEGMENT:

- Based on the specifics of this segment, we prioritize training on eco-efficient driving and health and safety.
- In terms of their basic skills, operators receive training on the **10 Golden Rules**, with a particular focus on prevention and self-care. In 2021, approximately 90% of our fleet operators received training.
- Likewise, we offer them courses on the telemetry devices their units are equipped with, which monitor driving and identify behaviors and events that need to be addressed rapidly to avoid accidents.

THE TRAXIÓN OPERATOR DECALOGUE 10 GOLDEN RULES

1. **I honor the Traxión name and that of my company**
   I perform my job in the best way possible and care for my appearance.
2. **I am polite and well-mannered**
   I address my colleagues and customers in a cordial and respectful manner.
3. **I offer the best service**
   I am available to my company and customers; I arrive on time to my appointments.
4. **I drive safely throughout my trip**
   I perform a general revision of my vehicle before starting my trip, use the seatbelt, drive within the speed limit, and respect all traffic regulations.
5. **I stay focused while I drive**
   I keep my eyes on the road, I am not distracted by my phone, and I am alert throughout my trip.
6. **I take care of myself on my route**
   I take only authorized routes and make only authorized stops; I let no unauthorized people on my vehicle.
7. **I do not consume alcohol or drugs**
   I care for my health and my physical and mental capacity for driving.
8. **I think about other people and my family**
   I am aware of the responsibility I have while driving my vehicle; I think about the safety of others and of returning home safely.
9. **I take care of my vehicle**
   I keep my vehicle clean and in good condition; I do not manipulate or damage the safety equipment that has been installed.
10. **I am a trustworthy person**
    I respect the belongings of others and the company's resources.

TRAXIÓN
LIFE IN MOTION

In both the People Mobility and the Cargo Mobility segments, we have established Training Centers for Traxión Operators (incubators) in which we offer training to potential operators who are recruited after having passed through several hiring filters. These centers offer basic training to perform specific jobs and acquire the competencies required to ensure excellence in performance within our organization, including: driving, safety, and customer service. Candidates receive monetary compensation during the training period, which can last up to several weeks depending on the segment, and those operators who do well are hired by the company. Participation in these incubators is open to all genders and, starting in 2022, we will strengthen our strategies and efforts to increase the number of women who participate.

Last Mile operators, which are part of the Logistics and Technology segment, also receive training. During 2021 our training in managerial skills training was particularly relevant given that employees on this team are undergoing a professional growth process.

For Traxión as a whole, we do an annual update of the training we offer to address specific needs we identify. Team leaders participate in this process, which analyzes their results as part of their performance evaluations.

We continue to make progress in our ethics and integrity programs and, in addition to the current onboarding training, we will offer an annual program through which employees will be able to refresh their understanding of the codes and policies and apply them. On top of the technical courses, we strengthened our training on safety for every business unit.

NAME OF THE PROGRAM	CATEGORY	BENEFITS FOR THE BUSINESS
Onboarding program, including Code of Ethics	Ethics; Human rights; Other	Enhance every employee's integration and adaptation process and strengthen their sense of belonging to the Group; introduction to the Code of Ethics.
Prevent workplace and sexual harassment.	Ethics; Human rights	Strengthen our culture: alignment to the company's principles and values.
Anti-corruption, Tax and Prevention of Money Laundering Compliance, ISO 37001/19600	Ethics	Establish guidelines to ensure that Traxión's employees understand and adhere to all applicable Anti-corruption, Prevention of Money Laundering, and Tax laws based on the requirements of the Anti-corruption and Compliance Management System, in order for them to achieve their goals, in the way they do business, and in every relationship resulting from the performance of their jobs.
Workplace inclusion for people with disabilities	Human rights	Promote a culture of respect for diversity, labor equality, non-discrimination, and inclusion in the workplace of groups living in vulnerable conditions or minorities.
Workplace diversity and inclusion (comprehensive)	Human rights	Promote a culture of respect for diversity, labor equality, non-discrimination, and inclusion in the workplace of groups living in vulnerable conditions or minorities, in order to ensure labor opportunities.
Organizational culture	Organizational culture	Strengthen the understanding and application of our internal regulations, included those related to several management systems (like those based on ISO standards).
Comprehensive health and well-being	Health	Promote prevention and self-care, with a diversity of complementary trainings.

NAME OF THE PROGRAM	CATEGORY	BENEFITS FOR THE BUSINESS
Addiction prevention and treatment	Health	Reduce the risk of an impact on the operation or health, mostly for operators, which is complemented with monitoring by performing exams and offering support, as required.
New COVID-19 culture	Health	Provide theoretical and practical elements to help protect employee health, in a context of a return to normality and/or new operational models.
Courses on safety issues	Safety	Offer information on protocols to promote the integrity of our operators and units, adopt best practices, and ensure compliance.
Raise awareness for preventing accidents	Safety	Safeguard the wellbeing of our employees, users, and surroundings, thus reducing the number of incidents.

NAME OF THE PROGRAM	CATEGORY	BENEFITS FOR THE BUSINESS
Emergency brigades	Safety	Offer training to employees who are part of the brigades at the work centers so they can acquire the capabilities and knowledge they need to act in case of emergency.
Cybersecurity	Information security	Provide training programs that reinforce a culture of data security, along with recurrent awareness efforts, which include sending internal communications regularly.
School for forklift operators	Safety and productivity	Provide the necessary information and tools for the adequate use of forklifts.
Driving habits and eco-efficient driving	Productivity and environmental stewardship	Develop and strengthen driving habits to increase fuel efficiency and reduce emissions.
Understanding vehicular technologies	Productivity	Assist operators in understanding how their power units work, in order to address customer needs, reduce repair times, and improve efficiency.
Best maintenance practices	Productivity	Develop and strengthen employee maintenance capabilities, based on the guidelines and best practices of our suppliers.

NAME OF THE PROGRAM	CATEGORY	BENEFITS FOR THE BUSINESS
New Group tools	Productivity	Promote the adoption of new platforms/systems and/or critical upgrades, by employees who employ them (for example, Talentrax, the new TMS in Traxporta, etc.)
Optimization of administrative processes	Productivity	Provide the necessary tools for optimizing administrative processes.
Optimization of operational processes	Productivity	Develop capabilities and know-how regarding the processes employed by operational staff.
Customer Service	Customer Service	Ensure an excellent customer experience and high satisfaction levels.
Basic commercial	Customer service	Develop commercial products and systems abilities and know-how for our 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 managerial activities related to leadership, customer-centricity, and teamwork.
Internal trainers	Leadership	Strengthen the team of internal trainers and reinforce group management capabilities.
Fostering female employees	Leadership	Strengthen the role of women, with comprehensive measures: self-care and health, their personal welfare and that of their families, career plan, and economic activation.

Training contributes to employees' career growth, and it is also associated to their results, which we evaluate annually. The evaluated objectives are: fuel efficiency, revenue and/or growth, business profitability, sales, cash flow, customer service, among others. We employ different mechanisms to do this, depending on an employeé s specific activities and responsibilities. In 2021, 100% of our employees were evaluated based on these criteria.

We offer our employees development opportunities within the company on the basis of the training they receive and their commitment. Of the vacancies that became available in 2021, 14.4% were filled by our employees; of these, 9.2% were filled by women. These statistics refer to the totality of vacancies, most of which were entry-level positions (operational and administrative staff), which are generally not filled by people already working for the company.

HEALTH AND SAFETY

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

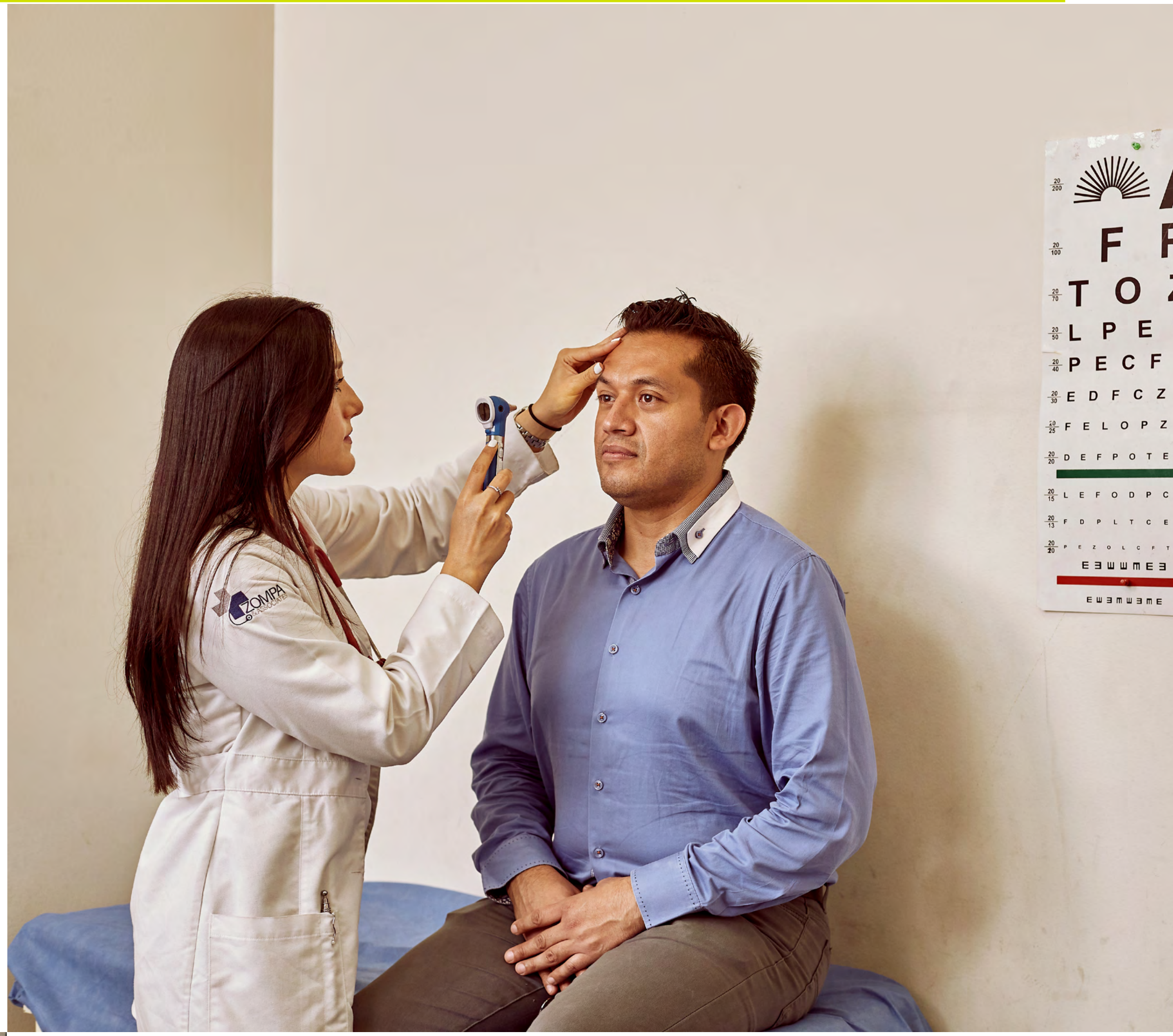
In response to the impact of the pandemic, during 2021 we continued to apply on-site prevention protocols, including the use of facemasks and temperature checks, as well as social distancing. Likewise, we did aleatory COVID testing among our employees and disinfected workspaces and vehicles at regular intervals.

At our office spaces, we implemented a gradual return to work schedules for those employees who had been working from home, as well as flexible schedules.

At all our operations, we ensure that we comply with the measures established by the Ministry of Labor and Social Welfare in terms of health and safety. On the other hand, two of our business units have been certified under SMETA[4].

We have health and safety risk matrixes in place that enable us to identify the dangers employees are exposed to, as well as a series of applicable requirements. Based on these, we develop strategic plans that we revise periodically and implement at all our business units.

In particular, we continue to apply the measures established in the plans based on the results of the psychosocial risk factors assessment and in compliance with Mexican Official Standard NOM-035-STPS-2018.



For the **Cargo Mobility and Logistics and Technology segments**, we have policies and procedures in place to manage job and road safety risks. Particularly noteworthy is the fact that we are in the process of implementing ISO 39001:2012 on road safety management for our business units, in which one of our business units is already certified.

[4] An audit that assesses a workplace's compliance with standards pertaining to labor, health and safety, environment, and business ethics.

In the **People Mobility segment**, we have a comprehensive health and road safety policy in place and we implement several actions that benefit our users.

In 2021 we continued equipping our units with anti-collision systems, which limit the frequency and seriousness of road accidents.

We also have control dashboards which allow us to improve driving habits and prevent our operators from working when they are too tired.

In the context of the pandemic, we have continued to implement prevention measures to avoid contagions when moving people.

At all our business units we have a Safety and Hygiene Commission, 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 with employees on the results of the health and safety studies carried out over the course of the year.

In case of an incident or accident, we trigger our investigation process and we record and monitor all events, responding as needed on a case-by-case basis.

On the other hand, we promote the health of our employees with annual awareness campaigns, support, and prevention measures. These include free vaccinations for illnesses such as influenza, tetanus, and streptococcus, and exams to prevent chronic and seasonal diseases. We also promote the social and emotional wellbeing of our employees.

In 2021, we strengthened our training on safety, focusing on accident prevention and good driving habits. This complements the Mexican Official Standard NOM-087-SCT-2017 that we have implemented to regulate driving and resting periods for ground transportation, a measure with which we aim to reduce road accidents on highways and roadways.

Additionally, we offer continuous training courses on health at the workplace, safe operation of power units and forklifts, save procedures for loading and unloading special materials, and to raise awareness of the risks that every employee is exposed to in performing their daily jobs, depending on the particulars of their activities.

OCCUPATIONAL HEALTH AND SAFETY- EMPLOYEES

	2020	2021
Number of fatalities	5	3
Fatalities rate	0.13	0.04
Total lost-time injuries	397	590
Lost-time Injuries Frequency Rate (LTIFR)	10.68	7.19

Notes: Fatalities rate = (Total registered fatalities / Total hours worked) x 1,000,000.
Lost-time Injuries Frequency Rate (LTIFR) = (Total lost-time injuries / Total hours worked) x 1,000,000.

ROAD ACCIDENTS AND ROBBERIES BY BUSINESS SEGMENT

BUSINESS SEGMENT	2019			2020			2021		
	ROAD ACCIDENTS/ ROBBERIES	TRIPS	RATIO	INCIDENTES / ROBOS	TRIPS	RATIO	ROAD ACCIDENTS/ ROBBERIES	TRIPS	RATIO
People Mobility - road accidents	2,679	6,920,625	0.039%	2,065	7,468,343	0.028%	2,451	8,232,701	0.030%
Cargo Mobility and Last Mile – road accidents	2,795	334,593	0.835%	2,647	324,965	0.815%	2,481	340,132	0.729%
Cargo Mobility and Last Mile - robberies	104		0.031%	125		0.038%	48		0.014%

Notes:
In Cargo Mobility and Last Mile, the data is for road accidents and robberies that are reported to insurance companies (claims). Robberies include the theft of the power units and merchandise. In People Mobility these kind of events are not common.

COMPENSATION AND BENEFITS

GRI 201-3, 202-1, 401-2, 401-3

Employee compensation is based on our own standardized pay scale, and we strive to avoid biases related to all forms of diversity. It takes into account the results of the performance evaluations and includes a variable portion.

Variable compensation schemes:

- Operators: variable compensation that is determined by the achievement of their goals pertaining to fuel efficiency, productivity, and customer service. Evaluation is done on a weekly basis.
- Salesforce: commissions framework, subject to compliance with sales and customer service objectives.
- Top and middle management: receive an annual performance bonus based on the achievement of business objectives and results related to our six factors[5], which are evaluated and established on an annual basis at each business unit by the Human Capital and Operational Excellence teams and approved by the CEO.

We contribute to our sector with safe working conditions and competitive benefits, focusing on benefiting our employees and, by extension, their families.

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

[5] These refer to the most relevant issues included in the KPIs that are part of the Balanced Scorecard: revenue and profitability, human capital, marginal contribution, flow, operation, and customer satisfaction.

At Traxión we support our female and male employees in exercising their paternal 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 2021

	MEN	WOMEN
Employees who had the right to take a parental leave	214	46
Employees who took a parental leave	186	42
Employees who returned to work at the end of their leave during this reporting period	181	42

Based on this data, all women who took parental leave returned to work, as did 97% of the men.

CULTURE, WORK ENVIRONMENT, AND COMMITMENT

(SASB SV-PS-330a.3)

A year since we launched the Talentrax platform, we are able to manage our Human Capital in a detailed manner, with good results in workplace environment and employee commitment metrics.

The system enables us to manage our workforce by a process to standardize positions, structures, and procedures. It employs Success Factors, a state-of-the-art SAP platform based on a safe, mobile, and innovative technology.

We continue to make progress in adopting the essential elements of the Group's corporate culture, as well as the transversal processes, policies, and guidelines that we all have in common and make it easier for us to understand each other and for our management to be more efficient.

Key competencies for traxión employees

- Customer-centricity
- Results
- Teamwork and collaboration

Additional competencies for middle managers

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

Additional competencies for top managers

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

As we have done over the years, we measure our work environment through a survey that includes questions related to quality of life, the company's culture, compensation, learning and career growth, as well as interpersonal relationships (leadership, collaboration). In 2021, the engagement rate was at 71 out of 100 possible points, which shows that our team is highly motivated by the company and in terms of their own performance.

PEOPLE: TRAXIÓN FOUNDATION

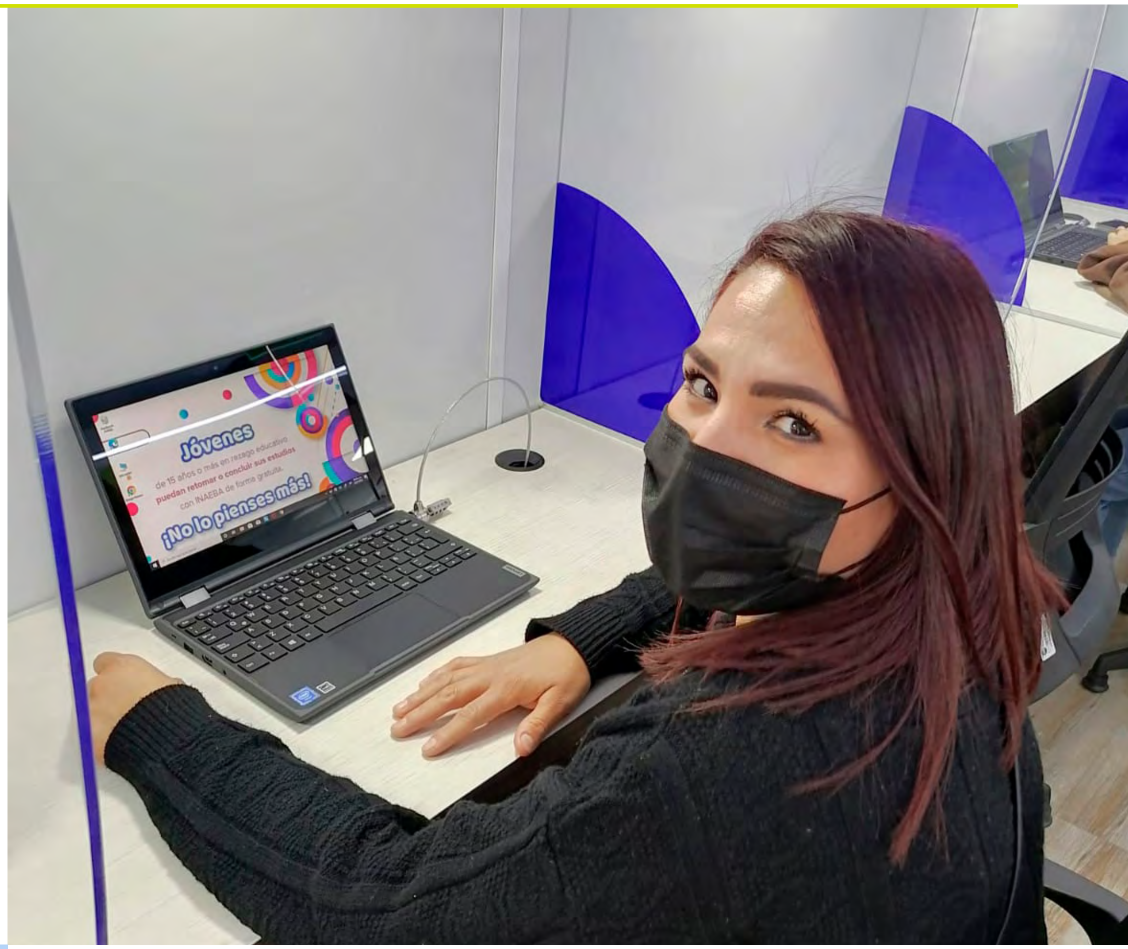
TRAXIÓN FOUNDATION

DEVELOPS ITS OWN STRATEGY RELATED TO SOCIAL AND ENVIRONMENTAL ISSUES, AS WE SHOW BELOW.

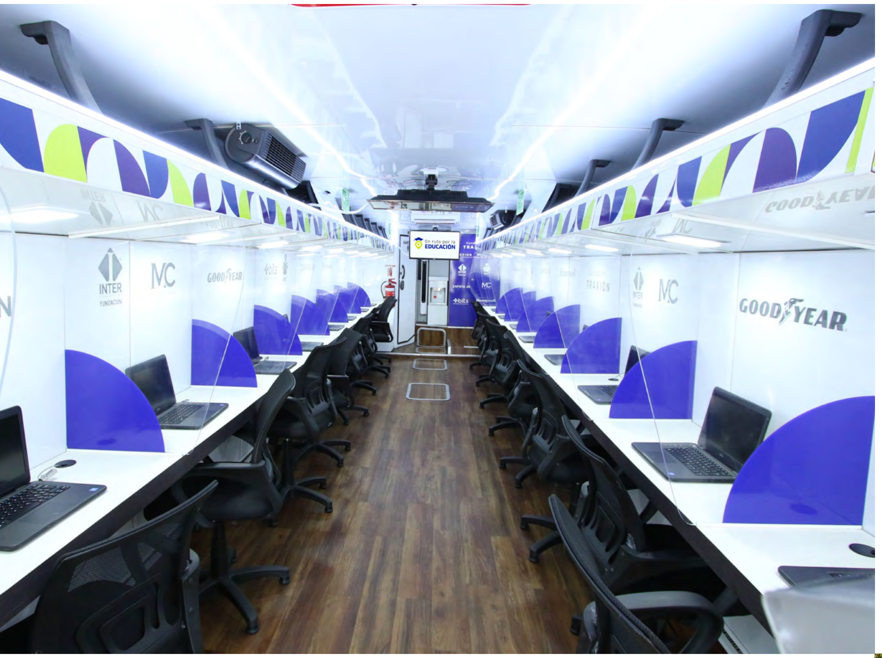
The purpose of the Traxión Foundation is to make the philanthropic work of Grupo Traxión more institutional and professional, and to act as its main social branch.

Its goal is to contribute to the social development of the country through innovative, high impact programs that benefit vulnerable groups.

The institution evolved from the Group's prior commitment to the families of our employees and to communities.



GOVERNANCE



Fundación Traxión has its own Managing Board, which has been tasked with establishing and monitoring the strategy, as well as ensuring that resources are allocated appropriately. This enables us to create value for Traxión, in terms of its social investment, and for the target groups.

The management team includes representatives from the Board and the heads of Traxión's departments of Communications and Institutional Relations and Sustainability. This group reports to the Foundation's Board of Directors.

The Foundation's professional operational team is in charge of program management and relies on Traxión's shared-services centers.

It meets at least twice a year, and it 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 Manager for the People Mobility segment
Alejandra Méndez Salorio	Secretary	Director of Communications and Institutional Relations

STRATEGIC PILLARS

Traxión Foundation's programs are structured over **three strategic pillars,** which are, in turn, related to the UN Sustainable Development Goals.

They are complemented with the implementation, by the Foundation, of the Group's corporate volunteering program as a delegated responsibility.

Movilidad en AXIÓN

Social Mobility

Contribute to the development of vulnerable groups, especially children and youth; committed to education as a generator of opportunities.

4 QUALITY EDUCATION 4.1, 4.2, 4.3, 4.4, 4.5, 4.7, 4.8

10 REDUCED INEQUALITIES 10.2, 10.3

AXIÓN logística

Social Logistics

Facilitate the transport of products and people in social care, especially in emergency situations, such as natural disasters.

1 NO POVERTY 1.5

11 SUSTAINABLE CITIES AND COMMUNITIES 11.1, 11.2

AXIÓN verde

Environment

Complement and leverage Traxión's efforts to reduce and mitigate our environmental impact.

13 CLIMATE ACTION 13.1, 13.3

15 LIFE ON LAND 15.2

In addition to our current programs, the Foundation monitors new needs that may arise in the context of our operations, as well as mobility opportunities that could contribute to sustainable development, in order to suggest new initiatives that are consistent with its goal.

In addition to this chapter, the **Foundation** issues a detailed annual report of its operations.

2021 RESULTS AND IMPACTS – TRAXIÓN FOUNDATION

Direct beneficiaries	731,704
Benefited institutions:	27
Volunteers (employees):	165
Hours of volunteer work (employees):	990

Traxión Foundation's revenue comes mainly from Grupo Traxión, with part of the funds allocated to projects and the other to manage it.

Traxión's total social investment, which includes the Foundation's contribution, is described as follows:

FINANCIAL RESOURCES ALLOCATED TO SOCIAL INVESTMENT (MXN) – TRAXIÓN 2021

Direct monetary	3,100,670
Value of the time employees allocate to volunteering during their working hours.[1]	107,250
In kind: donation of products or services, projects/partnerships, or other similar efforts	713,485
For management purposes	2,820,705

[1] Estimate based on total volunteer hours and the average gross salary of our employees

PROGRAMS

MOVILIDAD EN AXIÓN

On Route for Education

A program whose goal is to reduce the lag in education by means of a mobile classroom that brings formal education to work centers, communities, and to the homes of young people who are 15 years of age or older, and to adults who did not finish their basic schooling (Elementary and Middle School).

Classroom facilities are sanitized and equipped with basic tools, including computers and internet access. A team of teachers travels with the mobile classroom.. All educational modules have been approved by the Ministry of Public Education (Secretaría de Educación Pública, SEP), which will grant official certification once the training is completed.

We started operating the first route in late 2021, in the state of Guanajuato, with support from different partner companies; we expect to have 4,000 people certified in 9 municipalities by 2022.

SuperaT

Program to support students in finishing their High School education. It is conducted on an online platform in which we partner with the Aliat Foundation, offering scholarships to cover 80% of the total expenses for the school cycle.

The course will begin in February 2022, with a first class of 50 participants that include Traxión employees and their families.

AXIÓN LOGÍSTICA

In 2021:

262
power units

31,073 KM
driven

726,856
people benefited

Transportation Support

Support for social organizations for transporting people and/or goods.

In 2021, we transported volunteers from 10 organizations who worked on different tasks, such as building homes, installing water harvesting systems, and delivering groceries, including in areas suffering hurricane damages. We also delivered school supplies, building materials, and personal hygiene products, among other things.

Similarly, we continued working with the Azteca Foundation in their Juguetón initiative, transporting toys to hard-to-reach, vulnerable communities. We delivered more than 85 thousand toys, accessories for children, shoes, and educational supplies, in addition to 600 thousand food products (for example, cereals, snacks, juices).

AXIÓN VERDE

During 2021, we determined which programs we wanted to develop under this pillar. The goal is to contribute to reducing the impact of climate change, through carbon fixation and/or capture projects, in partnership with others. This action pillar will be developed in 2022.

OTHER INITIATIVES

Voluntarios en Axión

The Traxión Foundation develops the Group's volunteers program, which contributes to several social causes, particularly in communities neighboring our work centers.

In 2021, 165 volunteers participated in 16 social causes, such as: rehabilitation of parks and public spaces, putting together basic goods packages, and delivering educational materials, among others. A total of 990 hours were allocated to these activities, benefiting 4,148 people.

The relatively low number of volunteers was due to the preventive measures implemented as a result of the pandemic to protect both our employees and the communities we support.

Support to NGOs

In addition to the aforementioned programs, during 2021 the Foundation provided financial support to other social institutions that endorse high impact projects.

We granted resources to La Cana A.C. for its social reintegration program for female inmates, providing a new opportunity to 400 women released from penitentiaries in Mexico City and in the Estado de México.

Scholarships Program

As part of our commitment to inclusive education, one of our business units offers a scholarships program to support the children of its employees, through which 283 scholarships were awarded in 2021.

PLANET

SAFEGUARDING THE ENVIRONMENT IS PART OF OUR RESPONSIBILITY AND COMMITMENT TO THE WORLD AND THE COMMUNITIES AROUND US.

Aware of our leadership in the sector and committed to building a sustainable future for generations to come, we aim to mitigate our contribution to climate change while offering our clients resource-efficient transportation and logistics solutions.

To this end:

- Our fleet is constantly being renewed and we have extensive maintenance programs in place in order 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 of third parties).
- This includes advanced telemetry systems that allow us to monitor fuel consumption in our units and the driving habits of our drivers, both of which have a direct and significant impact on fuel efficiency.
- We constantly offer training to our drivers in eco-efficient driving skills and their compensation includes a variable component linked 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.

ENVIRONMENTAL AND CLIMATE-CHANGE-RELATED RISKS AND OPPORTUNITIES

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

As a part of our risk management, we assess the implications that climate change has on our operations and financial results. We began with a preliminary study that was done by external consultants, but the corporate team is already involved in the update and management.

We have a comprehensive approach to risks related to other environmental aspects. Different divisions are in charge of enforcing the measures, including the corporate sustainability team.

We listed 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

RISK DESCRIPTION	TCFD CLASSIFICATION	TERM [10]	CATEGORY	
			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	Possible	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

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

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

We are working on determining the financial impacts by applying methods whose results will allow us to establish work priorities.

Noteworthy, among the mitigation measures, are the strategies and initiatives destined to reduce GHG emissions by means of more efficient practices and technologies and by transitioning to fuels with lower emissions, all of which are opportunities for our business in the short- and medium-term.

Additionally, our People Mobility services offer an alternative for the use of private vehicles, thus supporting our customers and users in their efforts to mitigate their contribution to climate change.

These all constitute opportunities, both for the operation and the business, which 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 due to more efficient technologies.	Renovación constante de la flota. En 2019 adquirimos 100 autobuses por un monto aproximado de 350 millones de pesos que operan con gas natural y son aproximadamente 70% menos contaminantes que los que utilizan diésel.
Reduction in the use of private vehicles	Products and Services	Short-term	Increase in 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 savings.	We have a modern fleet equipped with state-of-the-art engines 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.

INVESTMENT IN **ECO-EFFICIENT TECHNOLOGIES**

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

We strive to have continuous improvements in fuel consumption; an efficiency that translates into a reduction in our generation of GHG gas emissions related to the distance we travel in the provision of our services.

We renew our fleet with units powered by state-of-the-art engines.

We integrate telemetry to monitor our power units and help our drivers improve their driving style and fuel efficiency.

We use technology to optimize routes, which results in a reduction in empty backhaul.

We use our own diesel filtration system to monitor its quality, which enables us to remove impurities and improve performance.

We collaborate with suppliers in testing engines, technology, and fuels that are more sustainable or more eco-friendly.

Particularly noteworthy in 2021 was the development, in collaboration with FICO, of a resource allocation system for routes in the People Mobility segment. This system relies on multiple data sources, such as: safety guidelines, power-unit-specific features, the location of truck bases, customer requirements, operator whereabouts and rest times; and additional parameters can be integrated into the system. By employing artificial intelligence and machine learning processes for continuous improvement, the system delivers an optimized set of resource allocation solutions to reduce the number of kilometers driven.

The system started out as a pilot at the beginning of the year and is now being implemented in most regions where we operate. In 2021 alone, we saved 2.9 million kilometers driven, 725 thousand dollars in costs, and 458 metric tons of GHG emissions. All this, after having implemented just 11% of the optimized solutions suggested by the system, a percentage that we aim to increase significantly taking into account the natural limitations of the operation. It is worth noting that we received the global 2022 FICO® Decisions Award for ESG Champion, thus becoming a benchmark for the industry.

Additionally, we furthered our project based on data mining and big data with our telemetry records, in collaboration with the Energy and Climate Change Research Group of the Instituto Tecnológico de Estudios Superiores de Monterrey (ITESM).

In 2021, they used our data as well as that of other actors in the sector to develop the project known as Baseline of Real Fuel Consumption in Heavy Vehicles in Mexico, partnering with the United Nations Environment Programme (UNEP), the Global Climate Partnership Fund, the Global Fuel Economy Initiative (GFEI), and the European Union. The goal of the project is to promote a global transition towards low-emissions mobility in order to improve air quality and mitigate climate change. All this by

promoting and facilitating the development, compliance, and monitoring of the energy efficiency of heavy vehicles used for cargo and passenger transportation.

We continue making an effort to get all our business units in the Cargo Mobility segment to adhere to the voluntary Clean Transportation program of Mexico's Ministry of the Environment and Natural Resources (Secretaría de Medio Ambiente y Recursos Naturales, SEMARNAT). The program assesses and quantifies the contribution made by several fuel consumption efficiency strategies in the cargo sector to the reduction of toxic gases and GHG emissions.

These strategies include operator training courses, intermodal shipping, tires with low resistance to rolling, low-viscosity lubricants, adequate air pressure in tires, improved logistics, enhanced aerodynamics in the power units, reduction of road speeds, reduced idling times, and lower-weight power units, among others.

In 2021 four out of our five business units in the Cargo Mobility segment participated in the program. They all received Good and Excellent recognitions for their environmental performance, generating the following aggregate savings for 2021:

Carbon Dioxide Emissions Avoided (tCO_2)

105,897

Saved Fuel (liters)

38.9 millions

Savings (MXN)

739.7 millions

The emissions we avoided as a result of implementing these strategies represented more than 20% of our total scope 1 and 2 emissions for 2021. This, without taking into account the emissions avoided in those parts of our operation with similar strategies but which have not joined the Clean Transportation program.

The SEMARNAT reports can be consulted (ins Spanish) in the Sustainability - Relevant Information section of our **website**.

[1] One cargo business unit that is working towards joining in 2022, our last mile business, and the People Mobility segment, for which the program is not open.

ENERGY AND **EMISSIONS**

GRI 2-4, 302-1, 302-3, 302-4, 302-5, 305-1, 305-2, 305-4, 305-5, (SASB TR-AF-110a.1, TR-AF-110a.2, TR-RO-110a.1, TR-RO-110a.2, TR-RO-110a.3) (TCFD GEN-METRIC.a, GEN-METRIC.a, GEN-METRIC.b, GEN-METRIC.c)

To continue moving forward in our climate commitment to reduce GHG emissions, in relative terms per volume of activity, we have added to our investment in eco-efficient technologies the following complementary measures:

- Comprehensive maintenance programs for our power units in order for them to be in optimal conditions..
- Continuous training on eco-efficient driving for our operators.
- Advancing in self-generation from renewable sources.

Use of renewable energy

In our rest stations in the Northern part of the country, where air-conditioning is critical because of the high temperatures, we implement a comprehensive system that replaces the use of air-conditioning and related fuel consumption in the vehicles, with external air conditioning systems that run on electricity partially generated from solar panels.

	2020[2]	2021
Stations	48	72
Power generated by solar panels (kWh)	29,040	20,720
Reduction in fuel consumption (liters)	901,014	929,595
Emissions reduction (tCO_2)	3,003	3,098
Operational expenses (M MXN)	7.35	7.57
Savings (M MXN)	11.34	11.68

Note: Technology implemented as a service, which means that the investment is included in the service cost and the amortization period is irrelevant. Estimated lifespan for the systems is 10 years.

[2] Data updated in relation to the 2020 report as a result of adjustments in internal data consolidation.

In 2021, we broadened the scope of the emissions sources included in our inventory of GHG emissions. This year, we included the fuel used in our facilities, utility vehicles, and forklifts; we are also including the consumption of refrigerant gases in the refrigerated vans. This all contributes to our Scope 1 GHG emissions.

Furthermore, over the course of the year we updated our 2019 assessment of our electric power consumption; consequently, this year's GHG emissions inventory includes our Scope 2 emissions.

Our intensity and efficiency indicators are focused on diesel consumption, as it represents almost 96% of our total energy consumption.

To date, we do not use fuels sourced from and/or with renewable components (for example, biofuel) because the tests we performed have not yet produced any viable alternatives.

Breakdown of energy consumption

Presented below is the breakdown of our energy consumption and emissions, and of our main initiatives:

FUEL AND ENERGY CONSUMPTION	2018	2019	2020	2021
Diesel (liters)	144,883,282	163,674,772	160,636,656	178,559,810
Gasoline (liters)	2,263,000	2,569,000	2,703,332	5,495,882[3]
Natural Gas (m^3)	0	1,397,467	2,157,160	2,240,239
LP Gas (liters)	NA	NA	NA	5,817[4]
Electric power (kWh)[5]	NA	NA	NA	7,060,025

ENERGY CONSUMPTION (MWH)	2018	2019	2020	2021
Diesel	1,534, 002	1,732,964	1,681,150	1,868,726
Gasoline	22,114	25,104	24,886	50,594
Natural Gas	-	14,801	22,847	20,873
LP Gas	NA	NA	NA	42
Electric power	NA	NA	NA	7,060
TOTAL	**1,556,116**	**1,772,869**	**1,728,883**	**1,947,295**

ENERGY CONSUMPTION FOR 2021	MWH	GJ	%
Diesel	1,868,726	6,727,413	95.965%
Gasoline	50,594	182,139	2.598%
Natural Gas	20,873	75,144	1.072%
LP Gas	42	151	0.002%
Electric power	7,060	25,416	0.363%
TOTAL	**1,947,295**	**7,010,263**	**100%**

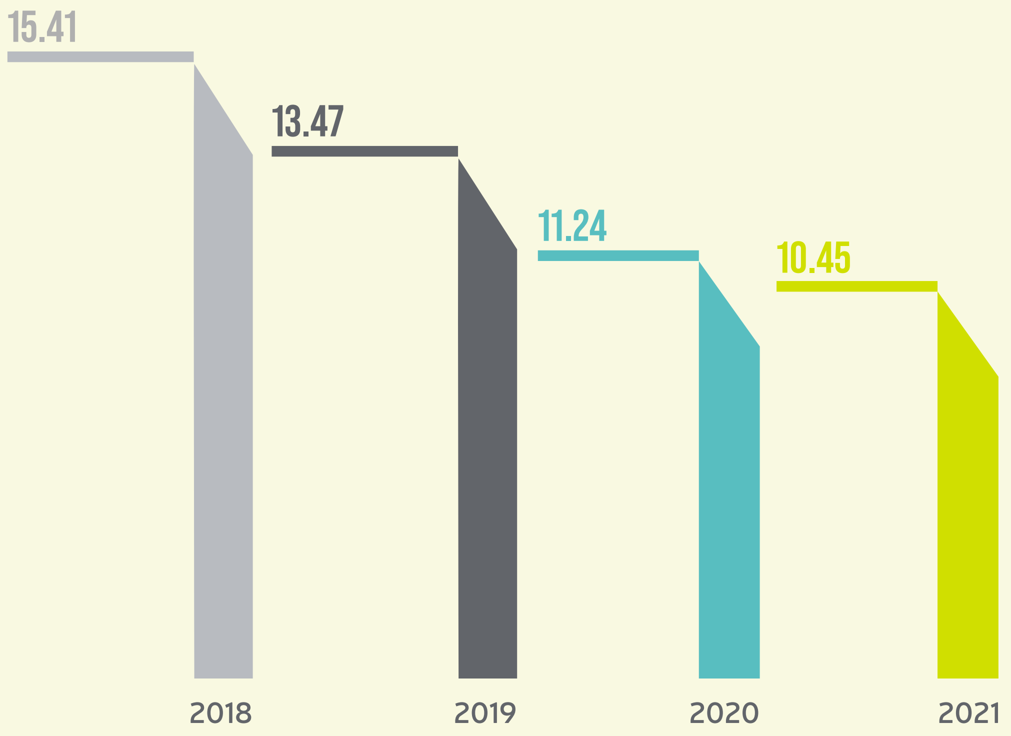
ENERGY CONSUMPTION (GJ)	2018	2019	2020	2021
Diesel	5,522,408	6,238,669	6,052,141	6,727,413
Gasoline	79,610	90,375	89,591	182,139
Natural Gas	-	53,282	82,248	75,144
LP Gas	NA	NA	NA	151
Electric power	NA	NA	NA	25,416
TOTAL	**5,602,018**	**6,382,326**	**6,223,980**	**7,010,263**

[3] The high increase in liters of gasoline in 2021 is due to a reclassification of the data and the expansion in the scope of the sources of emissions reported: utility vehicles, forklifts and other mobile equipment. This increase corresponds to 1.27% of total emissions.
[4] In 2021 we expanded the scope of the sources of emissions reported and incorporated the registry of LP Gas used in kitchens.
[5] 3.3% of the electric power consumption data were estimated based on expenses. In 2019, we undertook our first electric power consumption data collection exercise in which we estimated 5,153 MWh and 18,549 GJ. The increase in 2021 compared to 2019 corresponds to improvements in the data collection process rather than an increase in power consumption. The data collection process is cumbersome due to the high number of facilities we have all across the country.

NA: Not available

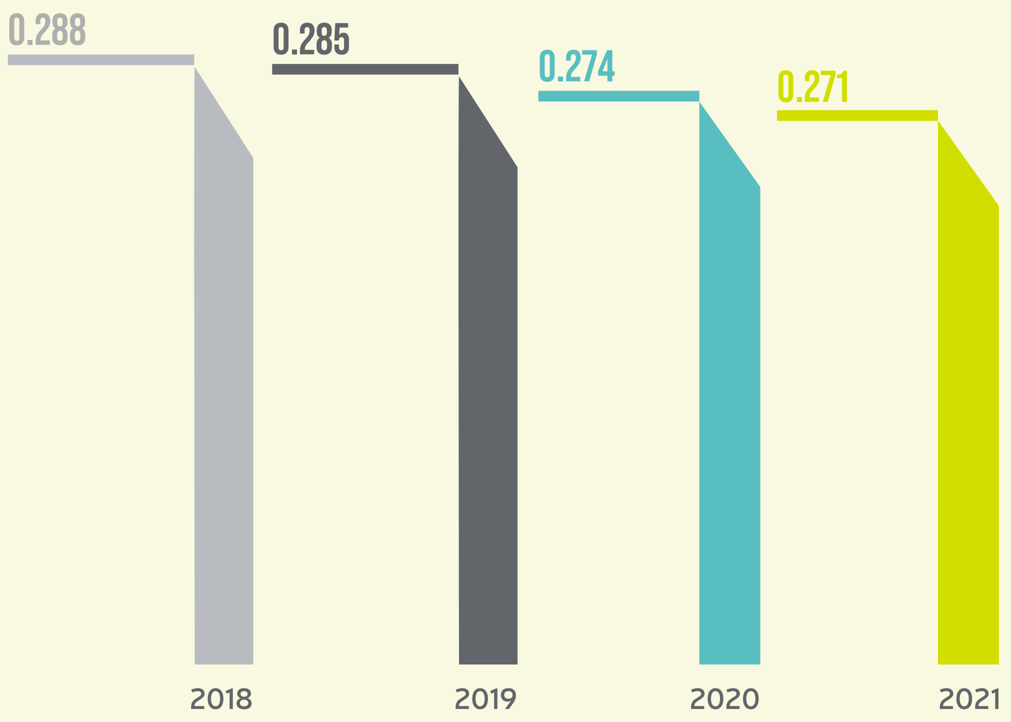
Diesel consumption intensity (service provision) by revenue

(liters/revenue in thousands of pesos)



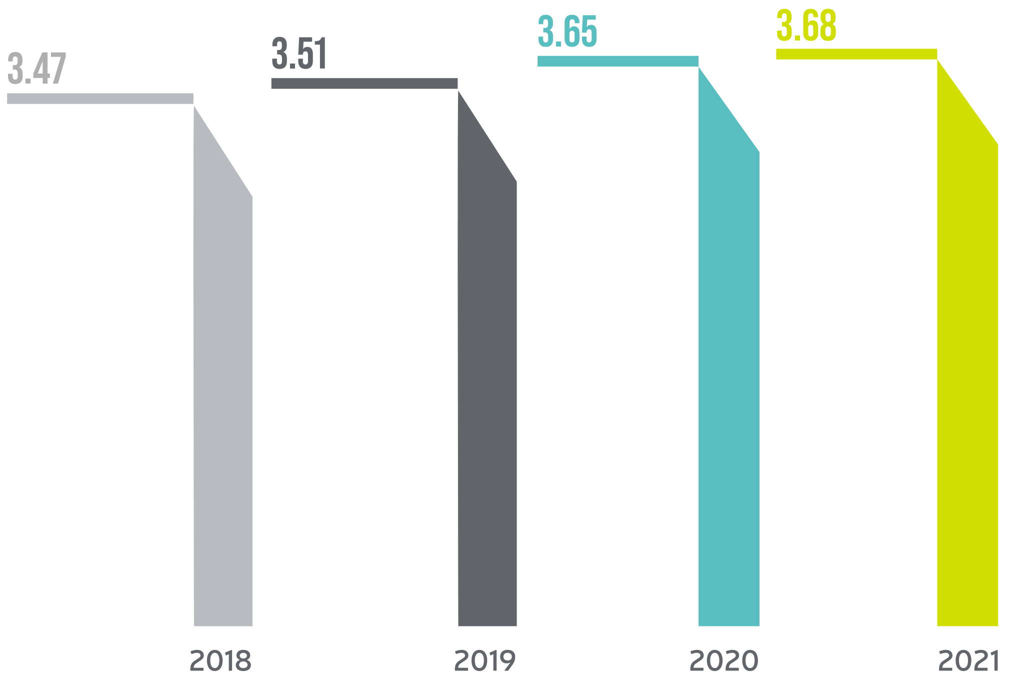
Diesel consumption intensity (service provision) by kilometers driven

(liters/kilometers)



Diesel efficiency

(liters/kilometers)



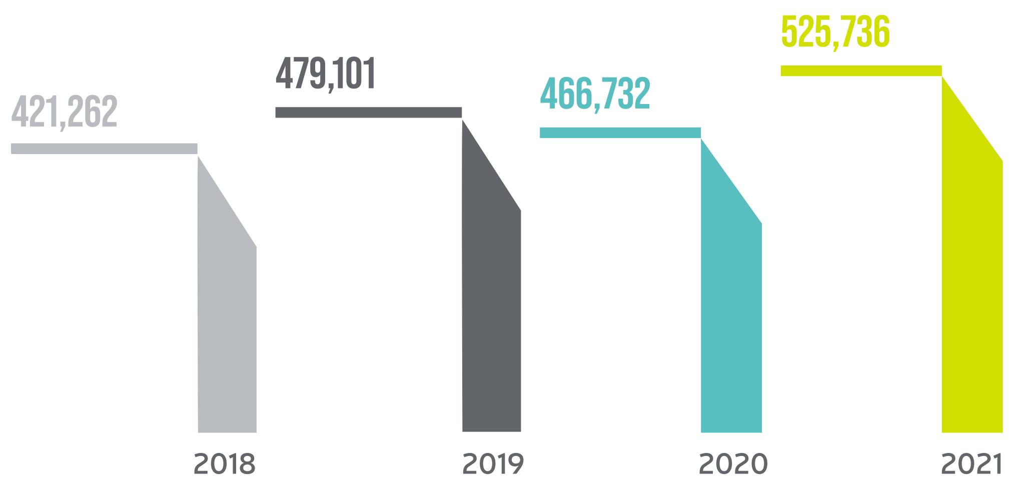
Note: Figures included in previous reports for the years 2018 and 2020 have been up-dated because of a correction in calculations.

GHG emissions breakdown

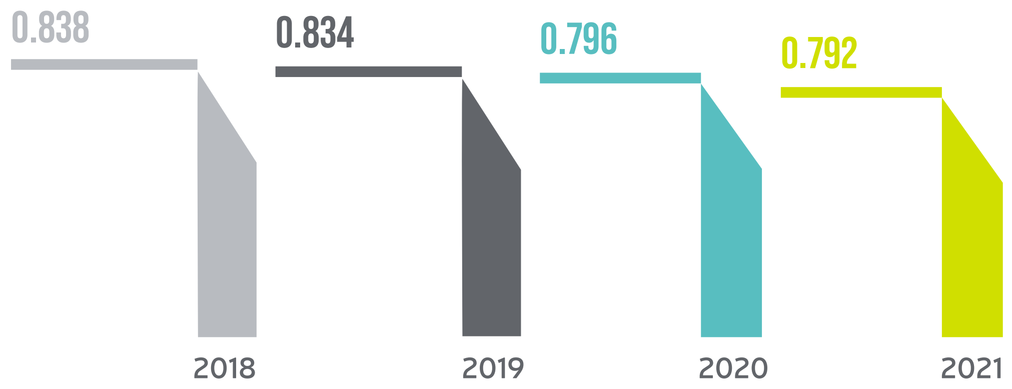
In 2021 we emitted 528,722.4 tCO2e of GHG emissions, of which 99.05% are Scope 1 emissions from fuel consumption in mobile sources (diesel, gasoline, and natural gas); 0.56% are Scope 2 emissions related to power consumption in our facilities; 0.37% are emissions in the consumption of refrigerants in specialty vehicles; and 0.02% are emissions from fuel consumption at our facilities.

[6] Corresponds to 2,986.4 tCO_2e.

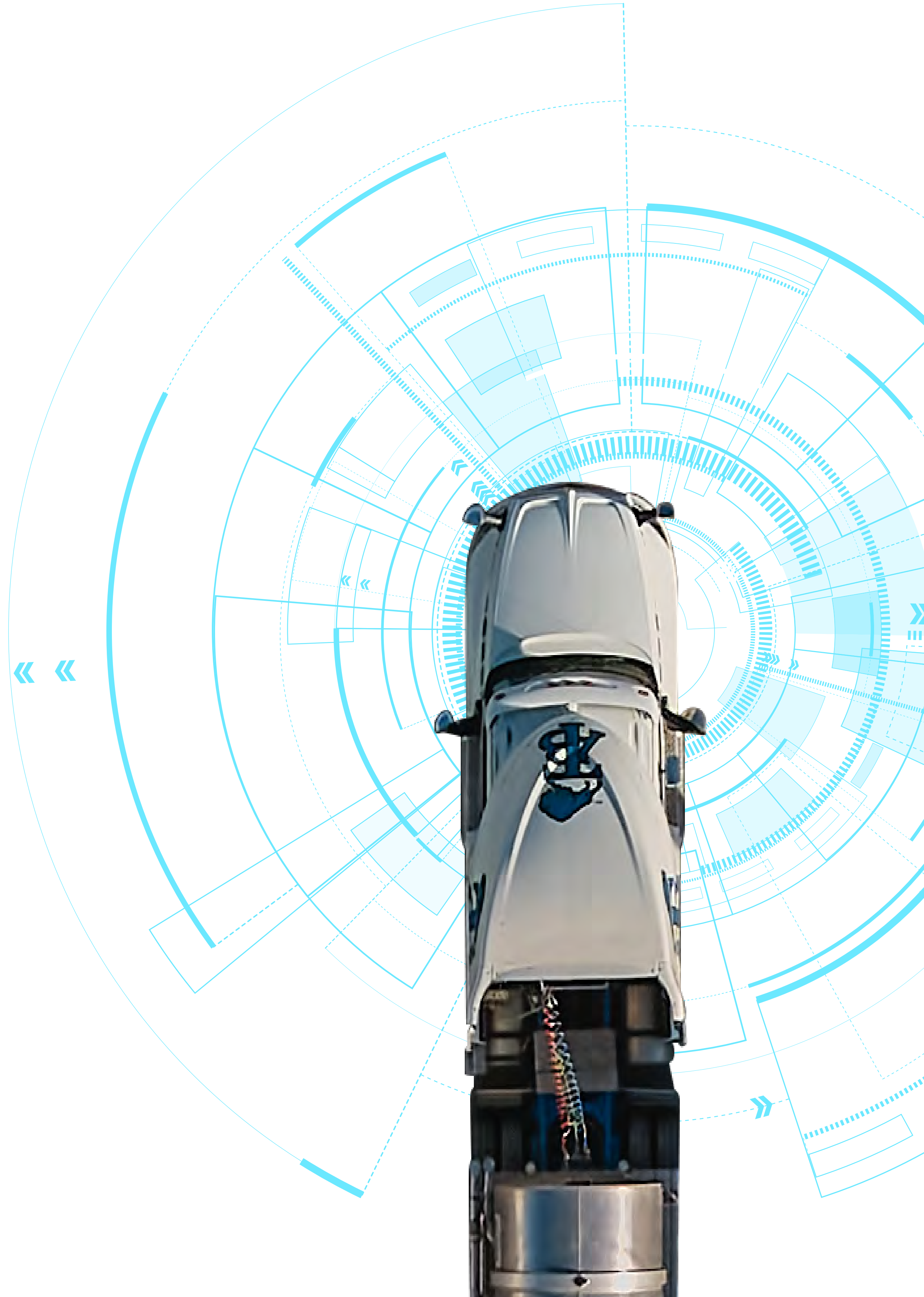
TOTAL SCOPE 1 GEI EMMISIONS
tCO_2e



INTENSITY OF SCOPE 1 GHG EMMISIONS MOBILE SOURCES FOR SERVICE PROVISION
tCO_2e / 1,000 km recorridos[7]



[7] tCO_2e / 1000 km is equivalent to $kgCO_2e$ / km



Fuel management

During 2021, we continued to implement strict controls on the traceability and quality of diesel. By employing fuels that do not contain water or impurities, we prevent damages to our power units and we improve compression and performance.

We adhere to the diesel filtration system of Mexican Official Norm NOM-044-SEMARNAT-2017 whose goal is to ensure the quality of fuel by eliminating impurities in order to reduce related emissions. Two years after having started our key project in this field, at year-end 2021 we had filtered more than 50 million liters.

FILTRATION SYSTEM	2020	2021
Investment (pesos)	505,166	2,208,725
Operational filtering stations	3	9
Filtered liters (million)	7.6	42.4
Savings (liters)	153,476	848,282
Savings (tCO_2eq)	435	2,405
Savings (millions of pesos)	2.3	12.7

Note: Technology was implemented as a service; the investment refers to installation and maintenance costs, which means the amortization period is not relevant. Estimated lifespan for the equipment is 15 years.

Fuel substitution

In 2020, we continued to favor using natural gas as an alternative fuel with less GHG emissions; this year, we used 2,094,100 m3 of natural gas in our own units. 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 $5.1 million pesos in 2021.

Eco-efficient driving

We offer our operators training in driving skills, which is complemented with the use of telemetry devices in our units that allow us to identify and implement improvement opportunities in driving. This translates into enhanced fuel consumption efficiency. Additionally, we have a variable compensation scheme based on fuel efficiency.

Maintenance

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 consumption.

We also strive to optimize the consumption of lubricants, especially motor oil; to this end, we perform several tests on our business units and we offer our mechanics technical courses. By standardizing what lubricants are used across the Group, we have determined that Cargo Mobility power units require a lubricant change every 90,000 km, whereas, in People Mobility services, lubricants should be changed every six months, because they cover less distances.
Likewise, we use special additives to improve fuel efficiency in our engines. We have also implemented a strategy to replace our tractor trucks before they reach one million kilometers driven, or after 5 years of service.

OTHER ENVIRONMENTAL INDICATORS

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

Traxion's 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 water and waste, we adhere to all applicable regulation and we continue working on improving the way we manage them.

Tires are one of our main inputs, as they are fundamental for safe transportation. However, because of their weight and volume, they are also among our main waste.

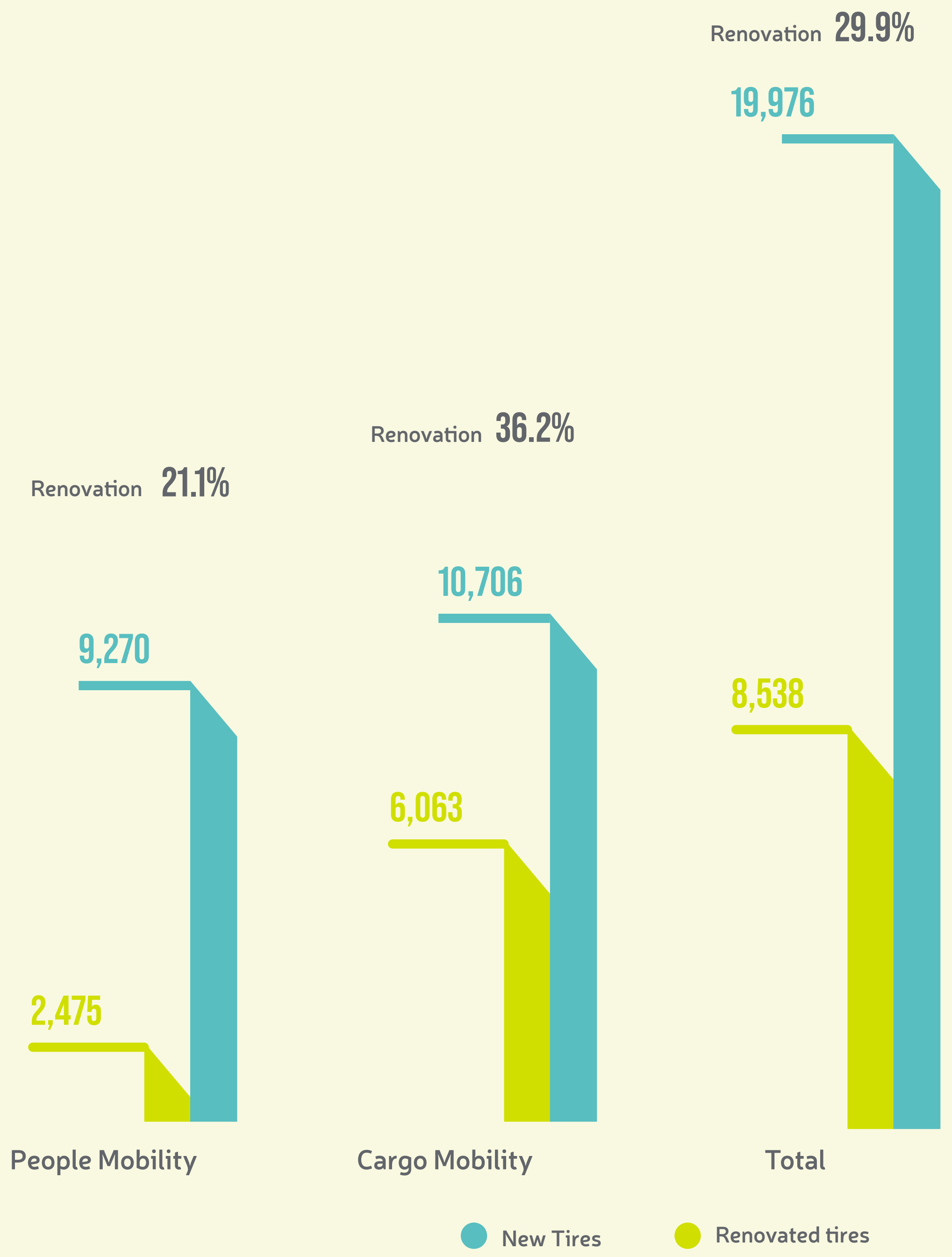
The tire renewal factor that we have developed varies depending on how each vehicle is used, the segment it serves, and the state of the roads on which it travels. Currently, this factor is between 1 and 2 renewals for each new tire. Whenever it is safe and operationally feasible, we reuse our worn tires.

In 2021, we reused 8,538 tires in our activities, which corresponds to 29.9% of the total number of tires we used.[9]

When renewal 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.

[9] The tires available for renewal, and, consequently, the tire renewal percentage, varies in relation to the replacement of the fleet: when we purchase tractor trucks, these are supplied with new tires. This is why, because more units were purchased in 2021, our tire renewal percentage was considerably less than in 2020.

TIRE CONSUMPTION AND REUTILIZATION



Additionally, in several of our business units we continue to implement other circularity measures with certain used spare parts, such as batteries or larger engine components, which we return to our suppliers for their reuse.

Our hazardous waste is processed in compliance with the legislation through suppliers authorized by the corresponding authorities. In the case of waste oil, some service providers recycle it, transforming it from a hazardous waste into an input for other sectors (alternative fuels).

No significant spills of hazardous chemical substances were produced.

WASTE: GENERATION AND DESTINATION 2021

	AMOUNT GENERATED TONS	% REUSE/RECYCLING	% LANDFILL OR CONTROLLED CONTAINMENT	%OTHER
Hazardous	517.1	75.6	1.7	22.7
Non-hazardous	866.1	16.1	31.7	52.2

Notes:
(1) Other includes waste that is treated, incinerated with or without energy harnessing, as well as other reuse processes.
(2) We continue to work on improving our data and scope, which is why figures for 2021 are greater than the data reported in 2020.

In terms of water, although we do not rely heavily on it, we work to facilitate 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, and to irrigate our green areas.

As a part of our continuous improvement processes, we continue to explore ways in which to automate information related to the extraction and discharge of the water we use. In 2021, we consolidated the water usage and disposal data for 96% 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, it spanned 97% of our facilities; cumulatively, 92% of water is discharged to the municipal network, 6% is handled by third-party suppliers, and 2% is reused on-site.

APPENDIX

- Stakeholder Engagement
- Materiality analysis
- Certifications and awards
- Due diligence regarding human rights
- Our contribution to the SDGs
- Verification letter
- Global Compact index
- GRI content index
- SASB metrics index
- TCFD recommendations index
- Consolidated financial statements
- Contact

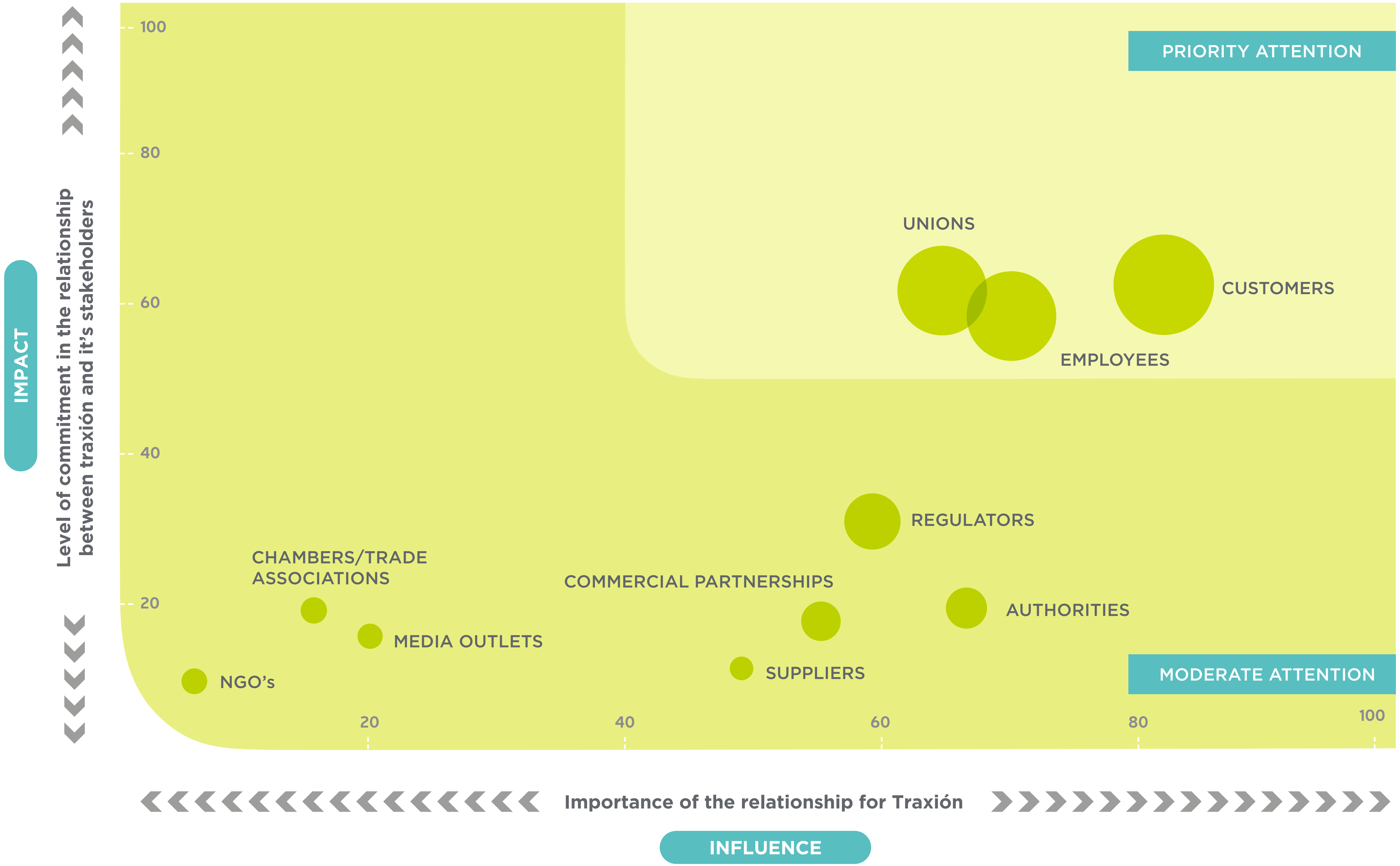
STAKEHOLDER ENGAGEMENT

GRI 2-28, 2-29

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 our goals.

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 systematizing media stories, as well as conducting interviews with our top management and other key employees.


IMPACT
Level of commitment in the relationship between traxión and it's stakeholders
100
80
60
40
20
PRIORITY ATTENTION
UNIONS
CUSTOMERS
EMPLOYEES
REGULATORS
CHAMBERS/TRADE ASSOCIATIONS
COMMERCIAL PARTNERSHIPS
AUTHORITIES
MEDIA OUTLETS
SUPPLIERS
NGO's
MODERATE ATTENTION
20
40
60
80
100
Importance of the relationship for Traxión
INFLUENCE

Our influence and impact assessment showed that we have five priority stakeholders: employees (including unions), customers, shareholders and investors, authorities and regulators, and suppliers. We consulted with all of them in the framework of the materiality process, in addition to maintaining an ongoing communication with different areas in the company.

Additionally, this stakeholder study allowed us to design a communications strategy with each of them in order to respond in a timely manner to their expectations in terms of environmental, social, and corporate governance (ESG) aspects. For this task, we have several dialogue channels in place that allow us to establish a close bond and reinforce their trust in us.

Furthermore, this process became the foundation on which we based our Sustainability Strategy, which was updated in 2021.

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	• Innovation and technology • Ethics and transparency • Training and development • Road safety • Certifications • Legal/regulatory compliance

STAKEHOLDERS	VALUE PROPOSITION FROM THE COMPANY	COMMUNICATION CHANNELS IN TERMS OF SUSTAINABILITY	KEY ISSUES
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, CDP, etc.)	• Ethics and transparency • Innovation and technology • Working conditions • Legal/regulatory compliance • Risk management • Environmental investments • Emissions reductions
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 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 expand the scope of our sustainability efforts.

Of particular importance is our participation in The United Nations Global Compact and the Green Finances Consulting Council (*Consejo Consultivo de Finanzas Verdes*, CCFV).

At the sector level, we are part of the Mexican Cargo Transport Chamber (*Cámara Nacional del Autotransporte de Carga*, CANACAR).

MATERIALITY ANALYSIS

GRI 3-1, 3-2, 3-3

In order to establish our strategic priorities in sustainability, in 2019 we conducted a materiality analysis in which a selection of our priority stakeholders participated. The social and environmental materiality analysis allowed us to understand the importance and impact of our activities on them.

In 2020, responding to our investors' increased interest in our ESG management and its impact on the business, we reinforced in our Strategy those topics and initiatives with the strongest impact our balance sheet, results, and business prospects for the company.

The integration of both perspectives has resulted in the application of the double materiality concept, which is explained below.

- **Social and environmental or impact materiality:** showcases the company's most significant external impacts: on the economy, the environment, and people.
- **Financial materiality** showcases the ESG factors which could reasonably impact the company's financial situation, operational performance, and cash flow.

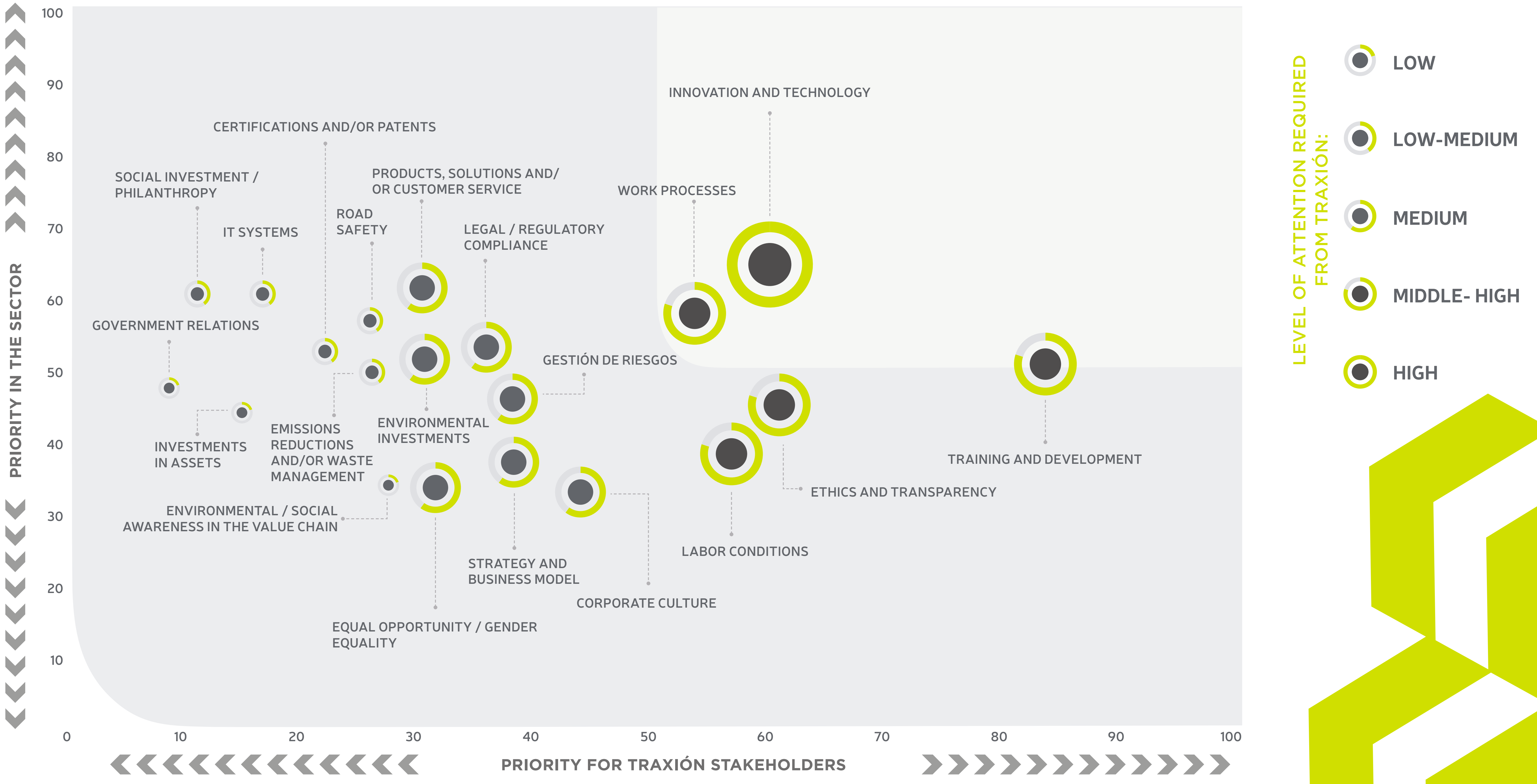
Process for the social and environmental or impact materiality

We first identified those issues that could be potentially relevant, analyzing the main risks and opportunities in the sectors in which we operate; additionally, we consulted leading ESG management methodologies, such as the information requirements of S&P's **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 online 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**. The five main material topics were internally validated by our Executive President and the Corporate Practices Committee.

TRAXIÓN MATERIALITY MATRIX



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 were either trending worldwide or represented 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
- Equal Opportunity/Gender Equality

Process for the Financial Materiality

Taking into account the assessment and consulting process undertaken by the Sustainability Accounting Standards Board (SASB) at the international level to create industry standards, we have applied those topics established by the initiative for activities we participate in: Road Transportation, Professional & Commercial Services, Air Freights & Logistics.

The topics are listed in the SASB Metrics Index.

CERTIFICATIONS AND AWARDS

GRI 3-3

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 strengthen 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.

Our efforts in the business units and at the Group level have been awarded a series of recognitions.

BUSINESS UNIT	CERTIFICATIONS	RECOGNITIONS
AFN	CTPAT (Customs-Trade Partnership Against Terrorism) ISO 39001:2012 ISO 9001:2015 OEA (Authorized Economic Operator)	Transporte Limpio (Clean Transportation): Good Environmental Performance
ATB	CTPAT (Customs-Trade Partnership Against Terrorism) Certification to carry out vehicular verification of trucks (SCT) (by the ema in NMX-EC-17020-IMNC - ISO/IEC 17020:2012-).	Transporte Limpio (Clean Transportation): Excellent Environmental Performance
egoba TRANSPORTADORA	CTPAT (Customs-Trade Partnership Against Terrorism) ISO 9001:2015 OEA (Authorized Economic Operator) Certified to carry out vehicular verification of trailer trucks (SCT) (by the ema in NMX-EC-17020-IMNC - ISO/IEC 17020:2012-) SMETA	Transporte Limpio (Clean Transportation): Excellent Environmental Performance

BUSINESS UNIT	CERTIFICATIONS	RECOGNITIONS
GRUPO SID	CTPAT (Customs-Trade Partnership Against Terrorism) ISO 9001:2015 (SID warehouses) SMETA (SUVI)	Transporte Limpio (SUVI, Clean Transportation): Excellent Environmental Performance
MyM	ISO 9001:2015 ISO 14001:2015 ISO 28000:2007 CTPAT (Customs-Trade Partnership Against Terrorism) FAIM (FIDI Accredited International Mover) LACMA-PACKERS (LACMA/FID)	
LIPU	ISO 9001:2015	Socially Responsible Company (ESR) distinction
REDPACK	ISO 27001:2013	
TRAXIÓN VIDA EN MOVIMIENTO	ISO 37001:2016 in Anti-corruption Management Systems* ISO 19600:2014 in Management Systems for Tax and Prevention of Money Laundering Compliance * *Scope: Grupo Traxión S.A.B. de C.V.	Transportation Awards 2021 (T21): Special Sustainability Award for companies with more than 1,000 trailer trucks Inclusion in the Dow Jones Sustainability MILA Pacific Alliance Index

DUE DILIGENCE **REGARDING HUMAN** RIGHTS

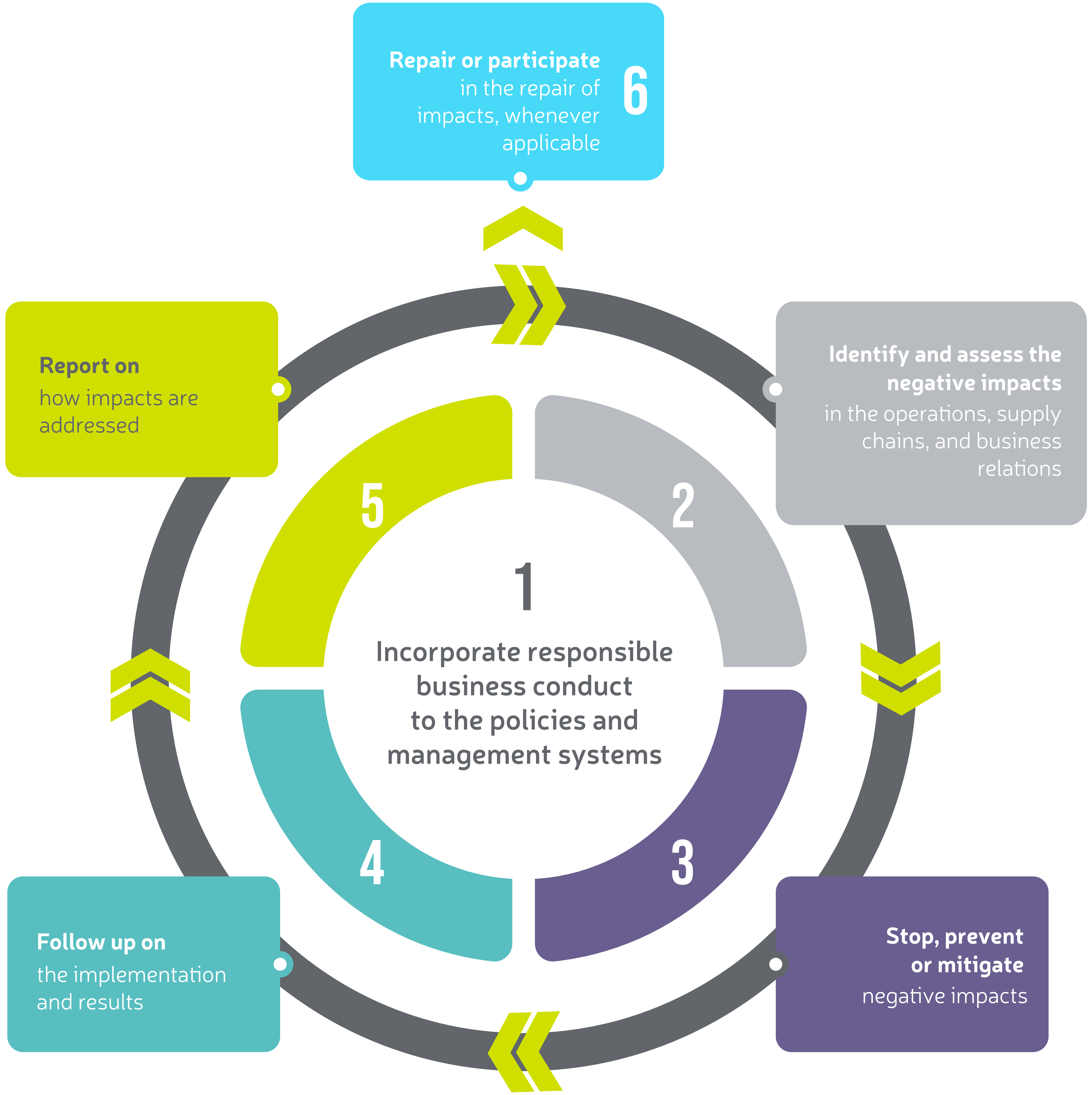
GRI 2-23, 2-24, 2-25, 2-26, 412-1, 412-2

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.

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. Furthermore, we adhere to the United Nations Guiding Principles on Business and Human Rights and Guiding Principles of the Global Compact, as well as to the Guidelines for Multinational Enterprises of the Organization for Economic Co-operation and Development (OECD).

As part of our due diligence processes, we identify possible risks directly or indirectly linked to our operation, and develop timely measures to prevent, mitigate and repair.



Source: OECD Due Diligence Guidance for Responsible Business Conduct.

PROCESSES	PERFORMANCE
1. Incorporate responsible business conduct in the policies and management systems	Our Code of Ethics represents the main framework for guidelines pertaining to our operation and, among other things, for fostering a workplace that is free of discrimination. Additionally, we have included guidelines on these issues in our policies, procedures, and codes related to selecting, hiring, performance evaluation, and compensation processes. Our protocol to prevent discrimination, acts of violence, and workplace or sexual harassment, as well as preventing compulsory and child labor is particularly noteworthy. It also includes the Policy to identify and prevent psycho-social risks, in accordance with the Mexican Official Standard NOM-035-STPS-2018. We extend this commitment across our value chain. We require that our suppliers abide by our Code of Conduct for Partners, Suppliers, and Contractors, which exhorts 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 work in adherence to all sector laws and standards in terms of working hours and compensation.
2. Identify and assess negative impacts in the operations, supply chains, and business relations	Through our Public Reporting Helpline, any one of our stakeholders can inform us on a potential non-compliance regarding policies and a responsible business conduct. These are complemented with the cases identified through internal and external audits. Moreover, we are working to include an ESG assessment when selecting our suppliers. In this way, we will be able to gain a better understanding of the risks and work preventively. Through the employee satisfaction survey that we conduct with all our employees, and through the special process by which we monitor the status of our operators, we can also identify potentially risky situations in terms of treatment and safety, among others. This serves as continuation of the psycho-social risks assessment done in accordance with the Official Mexican Standard NOM-035-STPS-2018. By taking into account previous inputs, we developed specific processes for identifying risks as part of our effort to structure our due diligence → See human rights risks table
3. Stop, prevent or mitigate negative impacts	We suggest specific measures to address different risks; having our employees and other external stakeholders participate is a key to success. See human rights risks table

HUMAN RIGHTS RISK	MAIN TRAXIÓN MEASURES	MORE INFORMATION
Discrimination and impact on the integrity of employees	We promote an organizational culture of respect, which is aligned to the company's values. We have guidelines for our employees (codes, policies) and require that they comply with them; we also have a public reporting helpline and a system to determine the consequences for non-compliance. We offer employee training on our Code of Ethics and send communications on our organizational culture via email and other internal channels. We promote equal opportunities at all employee stages in the company, including hiring, compensation, training, and promotion. We adhere to the requirement of having at least one woman in the three-candidate pools for administrative positions; we assess ways in which to entice female operators to become part of the company.	Ethics and compliance Culture, work environment, and commitment
Employee road safety incidents	We renew our units and grow our fleet with state-of-the-art driving comfort and road safety technologies. We employ telemetry devices. We promote a safety culture, offer continuous training on safe driving, and monitor driving habits. We perform aleatory tests and apply sanctions for alcohol and drug use; we monitor the health of operators.	Our fleet Other technological advances Health and safety
Conflicts related to and/or derived from freedom of association	We ensure freedom of association for our employees so that we can all work together and offer labor conditions and a work environment that is adequate and top-tier in the industry.	Labor demographics
Risks in the supply 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 was developed precisely for this purpose. We require our main suppliers to commit in writing to our code of conduct. We evaluate their compliance with the law prior to our hiring them, including labor aspects concerning their workforce. We have made progress in the assessment of ESG performance as part of our supplier selection process.	Ethics and compliance Supply Chain

PROCESSES	PERFORMANCE
4. Follow up on the implementation and results	Initiatives are monitored by different committees and workgroups on a case-by-case basis. – The Audit Committee follows up on compliance with a series of policies and codes. The Sustainability Committee monitors the Sustainability Strategy, which includes the respect for human rights.
5. Report on how impacts are addressed	We implement internal communications campaigns (for example, on the values of the Traxión culture) and require that our employees participate in our initiatives. We participate in a number of networking spaces in which we communicate information on our practices and learn from the experience of other organizations (for example, by participating in the Global Compact). We disclose our ESG performance in a transparent manner by publishing annual integrated reports, adhering to international benchmark standards. We adopted the updated GRI 2 Standard, which emphasizes due diligence in human rights.
6. Repair or participate in the repair of impacts, whenever applicable	Because of our preventive approach, we have not had any relevant negative impacts which need to be repaired. Similarly, we adhere to external legislation. Through our Audit Committee, once potential cases have been assessed, pertinent measures and sanctions are established, depending on their magnitude.

OUR CONTRIBUTION TO **THE SDGs**

Through our operation, our services offering and the way in which we deliver them, we wish to contribute to social and economic development and to protect the environment. This contribution is the goal behind our Sustainability Strategy, which grows from the business and takes shape through our relationships with a series of stakeholders.

We make a strong effort to contribute to the 2030 Agenda, an international roadmap established by the United Nations to address the major challenges faced by our societies, in close collaboration with private companies, academia, and the population as a whole. This initiative materializes in the 17 Sustainable Development Goals (SDGs).

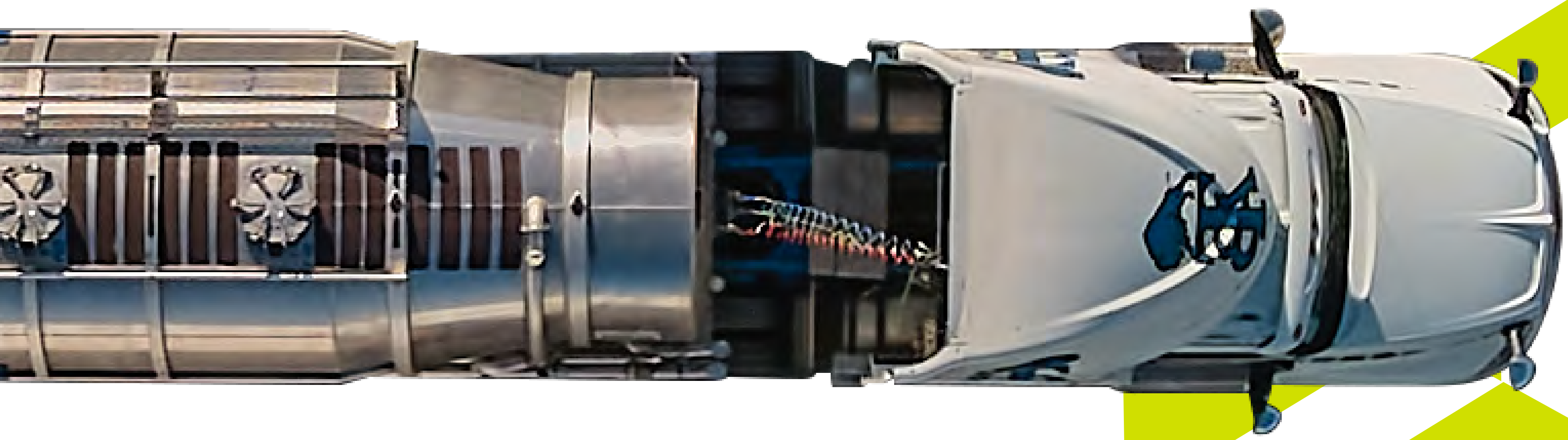
Our contribution is centered on those SDGs and targets that are more closely related to our activities. That is, those to which we can make a major contribution and impact through our business model and daily operations. They are listed below:

SDGs AND TARGETS	INITIATIVES	TRAXIÓN INDICATORS
 **Health and Well-Being 3.6, 3.9**	We offer training on best practices in driving and road safety to our operators in order to prevent accidents that could affect other users on the road. By renewing our fleet, we are able to reduce our fuel consumption and the generation of emissions that can be harmful to the health of people (for example, from diesel). We maintain and reinforce measures to protect the health of our employees and passengers in light of the permanence of COVID. We continue to advance in strengthening occupational health and safety management in all our business units.	7.19 Lost-time injury frequency rate (LTIFR) 0.030 Road accident rate for People Mobility 0.729 Road accident rate for Cargo Mobility Health and Safety Commission by business unit

SDGs AND TARGETS	INITIATIVES	TRAXIÓN INDICATORS
Quality Education **4.3, 4.4, 4.5**	We offer training opportunities to our employees, including management and leadership training for our top management, and specific technical training, including modules on customer service. In 2021, we developed the SuperaT Program through the Traxión Foundation, which will start to operate in 2022. It will offer our employees and their families the opportunity to finish their high school studies, as well as other training options to gain professional skills. We address the educational needs of the country through our On the Route of Education program, of the Traxión Foundation.	11 Average training hours for administrative staff 12 Average training hours for operational staff 731,704 Beneficiaries of the Traxión Foundation

SDGs AND TARGETS	INITIATIVES	TRAXIÓN INDICATORS
Gender Equality **5.5**	We reinforce internal practices to increase the participation of women at all levels of our operation. For example, we include female candidates in all final three-person hiring pools for administrative positions. We raise awareness of the Traxión values and promote them, which includes teamwork and, therefore, efforts favoring respect and internal cohesion. We take conciliatory measures, such as offering flexible work strategies, which allow us to manage the professional and personal responsibilities of all genders.	14.6% of women at different levels of the organization 37.3% of women in middle and top management positions

SDGs AND TARGETS	INITIATIVES	TRAXIÓN INDICATORS
7 AFFORDABLE AND CLEAN ENERGY **Affordable and Clean Energy 7.3**	We constantly renew our units in order to have a young and modern fleet, in adherence to what is specified in our policies. We control fuel quality and efficiency through rigorous processes and in direct collaboration with our suppliers. We offer training in eco-efficient driving to our operators at different business units.	Fuel consumption intensity: 0.271 Liters/kilometer 10.45 liters/M MXN



SDGs AND TARGETS	INITIATIVES	TRAXIÓN INDICATORS
8 DECENT WORK AND ECONOMIC GROWTH **Decent Work and Economic Growth 8.2, 8.4, 8.5, 8.8**	We offer formal employment, compensation, and benefits in a sector where informality is an inherent risk. We offer recognition to our operators and protect their well-being, in order to keep them on board. We carry out efforts in energy efficiency which allow us to break the link between growth of the operation and negative impacts on the environment. We offer professional development opportunities with a diversification of products and services. Similarly, we create opportunities for third parties through the diversification of business models, including the asset-light model.	15,438 New hires 34.5% Voluntary turnover 98.5% Operator retention rate

SDGs AND TARGETS	INITIATIVES	TRAXIÓN INDICATORS
Industry, Innovation, and Infrastructure **9.4**	We developed the Technology and Logistics segment in order to reinforce our offering of integrated solutions with high value-added. We developed Traxporta to evolve into a new business unit that integrates our own capabilities with those of third-parties. We developed Traxi to evolve into a platform for People Mobility and have developed new complementary services. We expanded Redpack's efficiency and scope with technology, to address the growth of online commerce.	Launch of the Technology and Logistics segment Traxporta development

SDGs AND TARGETS	INITIATIVES	TRAXIÓN INDICATORS
Sustainable Cities and Communities **11.2, 11.6**	Our People Mobility services contribute to the reduction in the use of private vehicles, and, consequently, to the reduction in GHG emissions and traffic in cities. We follow strict driving standards in order to reduce the risk of accidents that could affect other users of the road, including in urban settings. Along with our training programs, we incorporated telemetry systems in our cargo fleet.	5,694 People Mobility power units 100% of power units in People Mobility with telemetry devices. 30% of power units in People Mobility with driving assistance system ADAS

SDGs AND TARGETS	INITIATIVES	TRAXIÓN INDICATORS
Climate Action 13.1, 13.3	Mobility and logistics solutions provide the resilience needed to ensure that our products are readily available for our customers and raw materials are available for several industries, regardless of the risks associated with climate change. The goal of our eco-efficiency initiatives and the renewal of our fleet is to reduce GHG emissions resulting from lower fuel consumption and from using fuels with lower emissions (for example, natural gas).	Investment in eco-efficient alternatives GHG emissions intensity: Scope 1 0.792 tCO_2/1000 traveled kilometers

SDGs AND TARGETS	INITIATIVES	TRAXIÓN INDICATORS
Promotion of Fair, Peaceful, and Inclusive Societies 16.4, 16.5, 16	We implement measures to ensure compliance, which include strong self-regulation, a culture of training and awareness, as well as the implementation of Anti-Corruption and Tax and Anti-Money Laundering Compliance Management Systems (ISO 37001/19600). We extend these requirements to our value chain by means of a specific code. We reinforce our systems as a part of our continuous improvement efforts in cybersecurity.	Public reporting helpline, compliance, training of employees 100% of workers singed the Code of Ethics 50% of Tier 1 suppliers signed the Code of Conduct for Partners, Suppliers, and Contractors.

VERIFICATION LETTER

GRI 2-5

REDES SOCIALES

Verification Letter of the 2021 Integrated Report
"Life in motion"

To the Board of Directors of Grupo Traxión, S.A.B. de C.V.:

Please be informed that Redes Sociales en Línea Timberan performed a limited independent verification of a sample of GRI Standards disclosures and SASB Standards (Sustainability Accounting Standards Board), presented in the 2021 Integrated Report "Life in motion" ("2021 Integrated Report"), developed by Grupo Traxión, S.A.B. de C.V. ("Grupo Traxion").

Scope, criteria and responsibilities:

The scope of our verification covered the results of the Business Units that comprise Grupo Traxión; corresponding to the period from January 1st to December 31st 2021.

Our mission is to issue impartial and objective opinions on the quality, accuracy, traceability and reliability of the GRI disclosures and SASB Standards included in the selected sample. The following standards were considered as criteria: GRI Standards, in the latest version (2021), and Road Transportation, Air Freight and Logistics and Professional Services of SASB. Our work used as reference the International Standard on Assurance Engagements (ISAE) 3000, "Assurance Engagements Other than Audits or Reviews of Historical Financial Information".

Grupo Traxión Management is responsible for the preparation of the information contained in the "2021 Integrated Report", which involves, but is not limited to the process of selecting the material issues and GRI disclosures reported, SASB Standards and verified and the presentation of information for the verification process.

The activities carried out during the verification process included the following:

- Interviews with information owners from various areas.
- Verification of qualitative and quantitative information by means of visual, documentary and public evidence of the sample selected for verification.
- Review of methodological compliance based on GRI and SASB Standards.
- Validation of information presented in previous reports.

With this, we can conclude that, during the verification process, we did not identify any factor that would lead us to consider that the data of the selected sample contains significant errors.

An internal report of recommendations, exclusive for Grupo Traxión, is provided separately, containing the areas of opportunity detected for a future report.

Alma Paulina Garduño Arellano
T. (55) 54 46 74 84
paulina@redsociales.com

Sample of verified GRI Disclosures and SASB Standards:

GRI STANDARDS 2021		SASB TR-RO: ROAD TRANSPORTATION - VERSION 2018 TR-AF: AIR FREIGHT & LOGISTICS - VERSION 2018 SV-PS: PROFESSIONAL & COMMERCIAL SERVICES - VERSION 2018
GRI 2-7	Employees	**TR-RO-000.C** y **TR-AF-000.C** Number of employees, number of truck drivers **SV-PS-000.A** Number of employees by: (1) full-time and part-time, (2) temporary, and (3) contract
GRI 2-9	Governance structure and composition	
GRI 2-24	Embedding policy commitments	
GRI 2-27	Compliance with laws and regulations	**TR-AF-310a.2** Total amount of monetary losses as a result of legal proceedings associated with labor law violations
GRI 3-1	Process to determine material topics	
201-1	Direct economic value generated and distributed	
205-3	Confirmed incidents of corruption and actions taken	**SV-PS-510a.1** Description of approach to ensuring professional integrity
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	**SV-PS-510a.2** Total amount of monetary losses as a result of legal proceedings associated with professional integrity
302-1	Energy consumption within the organization	**TR-RO-110a.3** (1) Total fuel consumed, (2) percentage natural gas, (3) percentage renewable
302-3	Energy intensity	
305-1	Direct (Scope 1) GHG emissions	**TR-RO-110a.1 y TR-AF-110a.1** Gross global Scope 1 emissions
305-2	Energy indirect (Scope 2) GHG emissions	
305-4	GHG emissions intensity	
306-3	Waste generated	
306-4	Waste diverted from disposal	
306-5	Waste directed to disposal	
401-1	New employee hires and employee turnover	**SV-PS-330a.2** (1) Voluntary and (2) involuntary turnover rate for employees
404-2	Programs for upgrading employee skills and transition assistance programs	
405-1	Diversity of governance bodies and employees	**SV-PS-330a.1** Percentage of gender and racial/ethnic group representation for (1) executive management and (2) all other employees
403-9	Work-related injuries	**TR-RO-320a.1** y **TR-AF-320a.1** (1) Total recordable incident rate (TRIR) and (2) fatality rate for (a) direct employees and (b) contract employees **TR-RO-540a.1** y **TR-AF-540a.3** Number of road accidents and incidents

Redes Sociales en Línea Timberlan Statement of Independence and Competence

The employees of Redes Sociales en Línea Timberlan have the necessary level of competence to verify compliance with the standards used in the preparation of Sustainability Reports, so they can issue a professional opinion of the reports of non-financial information, complying with the principles of independence, integrity, objectivity, competence and professional diligence, confidentiality and professional behavior. In no case can our verification statement be understood as an audit report and therefore no responsibility is assumed for the management and internal control systems and processes from which the information is obtained. This Verification Letter is issued on July 13, 2022 and is valid as long as no subsequent and substantial modifications are made to the Grupo Traxión, S.A.B. de C.V. 2021 Integrated Report.

GLOBAL **COMPACT INDEX**

PRINCIPLE		COMMITMENT	PERFORMANCE (INCLUDED IN THE INTEGRATED REPORT)
HUMAN RIGHTS			
1	Businesses should support and respect the protection of internationally proclaimed human rights, in their area of influence;	• Code of Ethics • Code of Conduct for Partners, Suppliers, and Contractors. • Development of due diligence based on the recommendations of the Organization for Economic Cooperation and Development (OECD). • In particular for specific risks, we have internal guidelines (and initiatives), for prevention and/or mitigation (for example, our Protocol to prevent discrimination and address cases of violence, workplace harassment and sexual harassment and to eradicate forced and child labor, and policy to identify and prevent psychosocial risks.	Appendix: Due diligence in Human Rights Section: Labor demographics Section: Ethics and compliance
2	Businesses should make sure they partners and employees are not complicit in human rights abuses.	• Code of Ethics • Code of Conduct for Partners, Suppliers, and Contractors. • Internal labor bylaws • Resolutions pertaining to employee bad praxis (addressing cases exposed through the public reporting helpline or identified by audits).	Appendix: Due diligence in Human Rights Section: Ethics and compliance
LABOR STANDARDS			
3	Businesses should uphold the freedom of affiliation and the effective recognition of the right to collective bargaining	• Code of Ethics • Internal labor by laws	Appendix: Due diligence in Human Rights Section: Labor demographics
4	Businesses should uphold the elimination of all forms of forced and compulsory labor.	• Code of Conduct for Partners, Suppliers, and Contractors. • Requirements suppliers must meet in the evaluation process for signing or renewing a contract with the company.	Appendix: Due diligence in Human Rights
5	Businesses should uphold the effective abolition of child labor		

PRINCIPLE		COMMITMENT	PERFORMANCE (INCLUDED IN THE INTEGRATED REPORT)
6	Businesses should uphold the elimination of discrimination in respect of employment and occupation.	• Protocol to prevent discrimination and address cases of violence, harassment and sexual harassment and to eradicate forced and child labor, and policy to identify psychosocial risks. • Guidelines in the hiring processes	Appendix: Due diligence in Human Rights Section: Labor demographics Section: Ethics and compliance
ENVIRONMENT			
7	Businesses should support a precautionary approach to environmental challenges.	• Commitments acquired in the Transporte Limpio (Clean Transportation) certifications that most of our business units have obtained. • Environmental Policy • Work plans resulting from internal and/or external audits	Chapter: Planet
8	Businesses should undertake initiatives to promote greater environmental responsibility.	• Environmental policy • Guidelines in fleet renewal • Development of investment projects in eco-efficient technologies	Chapter: Planet
9	Businesses should encourage the development and diffusion of environmentally friendly technologies.	• Development of investment projects in eco-efficient technologies	Section: Investment in eco-efficient technologies
ANTI-CORRUPTION			
10	Businesses should work against corruption in all its forms, including extortion and bribery.	• Anti-Corruption and Integrity Policy • Policy to Prevent and Identify operations with resources of illegal origin. • Policy for Operations with Related Parties. • Commitments related to the ISO 37001:2016 certification in Anti-corruption • Management Systems and the Certificate of Compliance with ISO 19600:2014 for Tax / Money Laundering Prevention Management Systems.	Section: Ethics and compliance
The Sustainability Policy is related to the 10 Principles of the Global Compact and is a frame of reference for the main commitments on each topic.			

GRI CONTENT INDEX

GRI CONTENT	GRI CONTENT INDEX	OMISSION	PAGES
GRI 1: 2021 FOUNDATIONS, APPLIED TRANSVERSALLY ACROSS THE REPORT			
GRI 2: GENERAL DISCLOSURES 2021			
THE ORGANIZATION AND ITS REPORTING PRACTICES			
GRI 2-1	Organizational details		11
GRI 2-2	Entities included in the organization's sustainability reporting		3
GRI 2-3	Reporting period, frequency, and contact point		3
GRI 2-4	Restatements of information		3, 54, 70, 71, 100
GRI 2-5	External assurance		3, 129
ACTIVITIES AND EMPLOYEES			
GRI 2-6	Activities, value chain, and other business relationships.		11, 13, 15, 16, 42
GRI 2-7	Employees		66
GRI 2-8	Workers who are not employees	Not applicable. Traxión's labor model is a direct hiring model.	
GOVERNANCE			
GRI 2-9	Governance structure and composition		27
GRI 2-10	Nomination and selection of the highest governance body		27
GRI 2-11	Chair of the highest governance body		27
GRI 2-12	Role of the highest governance body in overseeing managing impacts		19
GRI 2-13	Delegation of responsibility for managing impacts		19

GRI CONTENT	GRI CONTENT INDEX	OMISSION	PAGES
GOVERNANCE			
GRI 2-14	Role of the highest governance body in sustainability reporting		3
GRI 2-15	Conflicts of interest		27
GRI 2-16	Communication of critical concerns	Confidential due to internal company guidelines.	
GRI 2-17	Collective knowledge of the highest governance body		27
GRI 2-18	Evaluation of the performance of the highest governance body		27
GRI 2-19	Remuneration policies		27
GRI 2-20	Process to determine remuneration		27
GRI 2-21	Annual total compensation ratio	Confidential due to internal company guidelines.	
STRATEGY, POLICIES, AND PRACTICES			
GRI 2-22	Statement on sustainable development strategy		6
GRI 2-23	Policy commitments		23, 118
GRI 2-24	Embedding policy commitments		23, 118
GRI 2-25	Processes to remediate negative impacts		31, 118
GRI 2-26	Mechanisms for seeking advice and raising concerns		31, 118
GRI 2-27	Compliance with laws and regulations		31
GRI 2-28	Membership associations		23, 109

GRI CONTENT	GRI CONTENT INDEX	OMISSION	PAGES
APPROACH TO STAKEHOLDER ENGAGEMENT			
GRI 2-29	Approach to stakeholder engagement		109
GRI 2-30	Collective bargaining agreements		66
GRI 3: 2021 MATERIAL TOPICS			
GRI 3-1	Guidance to determine material topics		113
GRI 3-2	List of material topics		113
GRI 3-3	Management of material topics		113

GRI CONTENT BY MATERIAL TOPIC				
GRI STANDARD	GRI CONTENT	GRI TITLE	OMISSION	PAGE/LINK
TRAINING AND DEVELOPMENT				
GRI 3: Material topics 2021	GRI 3-3	Management of material topics		71
404 - Training and Education (2016)	404-1	Average hours of training per year per employee		71
	404-2	Programs for upgrading employee skills and transition assistance programs		71
	404-3	Percentage of employees receiving regular performance and career development reviews		71
WORK PROCESSES				
GRI 3: Material topics 2021	GRI 3- 3	Management of material topics		40
ETHICS AND TRANSPARENCY				
GRI 3: Material topics 2021	GRI 3- 3	Management of material topics		31
205 - Anti-corruption (2016)	205-1	Operations assessed for risks related to corruption		31
	205-2	Communication and training about anti-corruption policies and procedures		31
	205-3	Confirmed incidents of corruption and actions taken		31
406 - Non-discrimination (2016)	406-1	Incidents of discrimination and corrective actions taken		31
412 - Human Rights Assessment (2016)	412-1	Operations that have been subject to human rights reviews		118
	412-2	Employee training on human rights policies and procedures		118
	412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	Does not apply, given the nature of Traxión's activities.	

GRI CONTENT BY MATERIAL TOPIC

GRI STANDARD	GRI CONTENT	GRI TITLE	OMISSION	PAGE/LINK
WORKING CONDITIONS				
GRI 3: Material topics 2021	GRI 3- 3	Management of material topics		66
401 - Employment (2016)	401-1	New employee hires and employee turnover		70
	401-2	Benefits provided for full-time employees that are not provided to temporary or part-time employees		70, 71, 81
	401-3	Parental leave		81
405 - Diversity and equal opportunity (2016)	405-1	Diversity of governance bodies and employees		27
	405-2	Ratio of basic salary and remuneration of women to men	Not available. The company is working on strengthening and expanding available data for human capital management.	
INNOVATION AND TECHNOLOGY				
GRI 3: Material topics 2021	GRI 3- 3	Management of material topics		46
BUSINESS CULTURE				
GRI 3: Material topics 2021	GRI 3- 3	Management of material topics		11
IT SYSTEMS				
GRI 3: Material topics 2021	GRI 3- 3	Management of material topics		46, 50
RISK MANAGEMENT				
GRI 3: Material topics 2021	GRI 3- 3	Management of material topics		19
201 - Economic performance (2016)	201-1	Direct economic value generated and distributed		64
	201-2	Financial implications and other risks and opportunities due to climate change		94
	201-3	Defined benefit plan obligations and other retirement plans		81
	201-4	Financial assistance received from government		64
418 - Customer Privacy (2016)	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data		52

GRI CONTENT BY MATERIAL TOPIC				
GRI STANDARD	GRI CONTENT	GRI TITLE	OMISSION	PAGE/LINK
ROAD SAFETY				
GRI 3: Material topics 2021	GRI 3- 3	Management of material topics		78
403 - Occupational Health and Safety (2018)	403-1	Occupational health and safety management system		78
	403-2	Hazard identification, risk assessment, and incident investigation		78
	403-3	Occupational health services		78
	403-4	Worker participation, consultation, and communication on occupational health and safety		78
	403-5	Employee training on occupational health and safety		78
	403-6	Promotion of worker health		78
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships		78
	403-8	Workers covered by an occupational health and safety management system		78
	403-9	Work-related injuries		78
	403-10	Work-related illnesses and ill health		78
416 - Customer Health and Safety (2016)	416-1	Assessment of the health and safety impacts of product and service categories		78
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services		31

GRI CONTENT BY MATERIAL TOPIC				
GRI STANDARD	GRI CONTENT	GRI TITLE	OMISSION	PAGE/LINK
LEGAL/REGULATORY COMPLIANCE				
GRI 3: Material topics 2021	GRI 3- 3	Management of material topics		31
206 - Anticompetitive Behavior (2016)	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices.		31
418 - Customer Privacy (2016)	418 - 1	Substantiated complaints concerning breaches of customer privacy and losses of customer data		52
CERTIFICATIONS AND/OR PATENTS				
GRI 3: Material topics 2021	GRI 3- 3	Management of material topics		116
ENVIRONMENTAL INVESTMENTS				
GRI 3: Material topics 2021	GRI 3- 3	Management of material topics		97
EMISSIONS REDUCTIONS AND WASTE MANAGEMENT				
GRI 3: Material topics 2021	GRI 3- 3	Management of material topics		100
302 - Energy (2016)	302-1	Energy consumption within the organization		100
	302-2	Energy consumption outside of the organization	Does not apply, given the nature of Traxión's activities.	
	302-3	Energy intensity		100
	302-4	Reduction in energy consumption		100
	302-5	Reductions in energy requirements of products and services		100

GRI CONTENT BY MATERIAL TOPIC				
GRI STANDARD	GRI CONTENT	GRI TITLE	OMISSION	PAGE/LINK
EMISSIONS REDUCTIONS AND WASTE MANAGEMENT				
305 - Emissions (2016)	305-1	Direct (Scope 1) GHG emissions.		100
	305-2	Energy indirect (Scope 2) GHG emissions.		100
	305-3	Other indirect (Scope 3) GHG emissions.	Not available, will be included in the 2022 report.	
	305-4	GHG emissions intensity		100
	305-5	Reduction of GHG emissions		100
	305-6	Emissions of ozone depleting substances (ODS)	Not available, will be included in the 2022 report. Particularly related to refrigerated transportation.	
	305-7	Nitrogen oxides (NO_x, sulfur oxides (SO_x), and other significant air emissions	Not available, will be included in the 2022 report.	
306 - Waste (2020)	306-1	Waste generation and significant waste-related impacts		106
	306-2	Management of significant waste related impacts		106
	306-3	Waste generated		106
	306-4	Waste diverted from disposal		106
	306-5	Waste directed to disposal		106
GOVERNMENT RELATIONS				
GRI 3: Material topics 2021	GRI 3- 3	Management of material topics		31
415 - Public Policy (2016)	415-1	Political contributions		31

GRI CONTENT BY MATERIAL TOPIC

GRI STANDARD	GRI CONTENT	GRI TITLE	OMISSION	PAGE/LINK
INVESTMENTS IN ASSETS WITH SUSTAINABLE ATTRIBUTES				
GRI 3: Material topics 2021	GRI 3- 3	Management of material topics		31
203 - Indirect economic impacts (2016)	203-1	Infrastructure investments and services supported		36, 50, 97
	203-2	Significant indirect economic impacts	Not available, will be included in the 2022 report.	
204- Procurement Practices (2016)	204-1	Proportion of spending on local suppliers.		42

SASB METRICS INDEX

ROAD TRANSPORTATION STANDARD --2018 VERSION				
CODE	DESCRIPTION	UNIT OF MEASURE	OMISSIONS AND/OR MODIFICATIONS	PAGE
ACTIVITY METRICS				
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	Not available	
TR-RO-000.C	Number of employees, number of truck drivers	Number		66
ACCOUNTING METRICS				
GREENHOUSE GAS EMISSIONS				
TR-RO-110a.1	Gross global Scope 1 emissions	Metric tons (t) of CO_2-e		100
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		100
TR-RO-110a.3	(1) Total fuel consumed, (2) percentage natural gas, (3) percentage renewable	Gigajules (GJ), percentage (%)		100
AIR QUALITY				
TR-RO-120a.1	Air emissions of the following pollutants: (1) NOx (excluding N_2O), (2) SOx, and (3) particulate matter (PM10)	Metric tons (t)	We do not have information on our NOx, SOx, or particulate matter emissions	

ROAD TRANSPORTATION STANDARD --2018 VERSION				
CODE	DESCRIPTION	UNIT OF MEASURE	OMISSIONS AND/OR MODIFICATIONS	PAGE
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		78
TR-RO-320a.2	(1) Voluntary and (2) involuntary turnover rate for all employees	Speed		70
TR-RO-320a.3	Description of approach to managing short-term and long-term driver health risks	n/a		78
ACCIDENT & SAFETY MANAGEMENT				
TR-RO-540a.1	Number of road accidents and incidents	Number		78
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	
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 on spills	

AIR FREIGHT & LOGISTICS STANDARD - 2018 VERSION				
CODE	DESCRIPTION	UNIT OF MEASURE	OMISSIONS AND/OR MODIFICATIONS	PAGE
ACTIVITY METRICS				
ACTIVITY METRIC				
TR-AF-000.A	Revenue per 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	Not available	
TR-AF-000.C	Number of employees, number of truck drivers	Number		66
ACCOUNTING METRICS				
GREENHOUSE GAS EMISSIONS				
TR-AF-110a.1	Gross global Scope 1 emissions	Metric tons (t) of CO2-e		100
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		100
TR-AF-110a.3	(1) and (2) aggregate volume of spills and air emissions	Gigajules (GJ), percentage (%)	We have no information on spills.	
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 (%)	Not available	
TR-AF-310a.2	Total amount of monetary losses as a result of legal proceedings associated with labor law violations	Currency to be communicated		31

AIR FREIGHT & LOGISTICS STANDARD - 2018 VERSION				
CODE	DESCRIPTION	UNIT OF MEASURE	OMISSIONS AND/OR MODIFICATIONS	PAGE
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		78
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	
ACCIDENT & SAFETY MANAGEMENT				
TR-AF-540a.1	Description of implementation and outcomes of a Safety Management System	n/a		78
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		78
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 Compliance	Percentile	We have no information on these percentiles	

PROFESSIONAL SERVICES STANDARD - VERSIÓN 2018				
CODE	DESCRIPTION	UNIT OF MEASURE	OMISSIONS AND/OR MODIFICATIONS	PAGE
ACTIVITY METRIC				
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.	
SV-PS-000.B	Employee hours worked, percentage billable	Hours, percentage (%)	Not available	
ACCOUNTING METRICS				
DATA SECURITY				
SV-PS-230a.1	Description of approach to identifying and addressing data security risks	n/a		52
SV-PS-230a.2	Description of policies and practices relating to collection, usage, and retention of customer information	n/a		52
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 (%)	1) Included in the report 2) and 3) Not available	52

PROFESSIONAL SERVICES STANDARD - VERSIÓN 2018				
CODE	DESCRIPTION	UNIT OF MEASURE	OMISSIONS AND/OR MODIFICATIONS	PAGE
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.	66
SV-PS-330a.2	(1) Voluntary and (2) involuntary turnover rate for all employees	Speed		70
SV-PS-330a.3	Employee engagement as a percentage	Percentage (%)		83
PROFESSIONAL INTEGRITY				
SV-PS-510a.1	Description of approach to ensuring professional integrity	n/a		31
SV-PS-510a.2	Total amount of monetary losses as a result of legal proceedings associated with professional integrity	Currency to be communicated		31

TCFD RECOMMENDATIONS INDEX

TCFD RECOMMENDATIONS			
RECOMMENDED REPORT	CODE	PAGE/S	COMPLEMENTARY INFORMATION
GOVERNANCE			
a) Describe the Board's oversight of climate-related risks and opportunities	GEN-GOV.a	23, 94	Tracking the Sustainability Strategy. The Sustainability Committee, established with the participation of company executives to monitor the Strategy, reports to the Corporate Practices Committee, which is one of the supporting bodies of the Board of Directors. The monitoring is done on a quarterly basis, first by the Sustainability Committee and, then, by the Corporate Practices Committee, during their ordinary meetings; they in turn brief the Board of Directors, which also meets every three months. The Executive President, who is a member of the Board, is also in direct communication with the Sustainability Director. The Sustainability Strategy includes environmental initiatives related to the company's fuel efficiency, the use of alternative fuels with lower greenhouse gas emissions (GHG), and establishing ways in which to offset emissions. To complement these tasks, a climate change risk analysis was developed and additional measures were included in the Sustainability Strategy. 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 developed a method to identify climate change risks based on which we established measures to strengthen the Sustainability Strategy, which we are currently implementing. 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. Next year we will include our electricity consumption, given the company's progress in 2021 to estimate Scope 1 emissions (additional to the Scope 1 emissions it had already been reporting).

TCFD RECOMMENDATIONS			
RECOMMENDED REPORT	CODE	PAGE/S	COMPLEMENTARY INFORMATION
GOVERNANCE			
b) Describe management's role in assessing and managing climate-related risks and opportunities	GEN-GOV.b	23, 94	Monitor the Sustainability Strategy (including initiatives related to climate change, → Sustainability Committee, and Sustainability Department. Integrate into risk management → Risk Corporate Department Implement initiatives, including those resulting from the identification of climate change risks → Responsible parties assigned based on the particular process and/or activity at every business unit. Follow up on indicators included in the balance scorecard → OPEX We already have an ESG-specific scorecard, with operational indicators such as fuel efficiency and related GHG emissions. We are working on establishing targets, which will be aligned to the Science Based Targets Initiative (SBTi).
STRATEGY			
a) Describe the climate-related risks and opportunities the organization has identified over the short- medium-, and long-term	GEN-STRAT.a	94	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, including the time interval represented in each category.
b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning	GEN-STRAT.b	94	Based on our climate change risk analysis, we developed an action plan with a series of initiatives that we included in the Sustainability Strategy. It is important to point out that certain initiatives had already been included 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 operational reduction of GHG emissions. We are making progress in the use of technology to assign routes in a more efficient manner. In 2021, in collaboration with FICO, we launched a system for the People Mobility segment, which is already being implemented in the majority of the regions where we operate; we input multiple data in it, which enables us to minimize the number of kilometers driven. In the Cargo Mobility segment, the Traxporta platform also helps assign routes more efficiently. Likewise, in Last Mile we continue to work on implementing efficiency measures. We will further study the financial impact of these risks and opportunities, of the initiatives we have mentioned, and of others that we may add in the future. Noteworthy is the system developed with FICO, since it has enabled us to reduce by 2.9 million the number of kilometers driven and to save US$725 thousand in costs.

TCFD RECOMMENDATIONS			
RECOMMENDED REPORT	CODE	PAGE/S	COMPLEMENTARY INFORMATION
STRATEGY			
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 risk analysis we have already conducted.
RISK MANAGEMENT			
a) Describe the organization's processes for identifying and assessing climate-related risks.	GEN-RISK.a	94	We developed a comprehensive 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 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	94	Initiatives: Fuel price volatility/lack of continuity in availability → direct acquisition from importers and internal filling system Non-compliance with environmental legislation → culture of compliance, internal and external audits Asset-light model (third-party standards) → reviewing and monitoring the state of outsourced fleets. Traxión requirements for reductions in GHG emissions → logistics efficiencies, eco-efficient technologies, fleet maintenance and renewal, fuel substitution, etc. Particularly noteworthy are advances in technologies for the operations, fleet management, and route management. Regulation of limits on emissions and mobility, same as above
c) Describe the organization's processes to identify, assess, and manage climate-related risks in the organization's overall risk management.	GEN-RISK.c	19	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 have the initiatives we've mentioned, and we may add others derived from changes in the operation, in the context (for example in regulation), and from the lessons learned from those currently being implemented.

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	100	The main indicators are shown throughout the report and include metrics on fuel efficiency, fuel consumption intensity, Scope 1 and Scope 2 emissions, average fleet age, investment in maintenance, etc. We are working on establishing middle-term targets for fuel efficiency and the related GHG emissions, which will be aligned to the Science Based Targets Initiative (SBTi).
b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 GHG emissions, and the related risks.	GEN-METRIC.b	100	We had already been estimating our Scope 1 emissions, which are the most significant for our company since our activity mainly requires fuel. In 2021 we were able to estimate Scope 2 emissions related to the electricity consumed at our operation centers. 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	-	The Sustainability Strategy has a scoreboard of indicators, for which we are working to establish middle-term targets; resulting from these, we will also establish annual targets that promote the required progression. For fuel efficiency and the related GHG emissions, these will be aligned to the Science Based Targets Initiative (SBTi) We are also striving to establish a carbon neutral scenario that includes emissions reductions such as carbon offset measures that include developing and/or acquiring carbon credits. The targets will be reviewed by the Sustainability Committee and the Corporate Practices Committee, prior to briefing the Board of Directors.
Note: The codes have been developed for the current reporting period.			

CONSOLIDATED FINANCIAL STATEMENTS

As of December 31, 2021 and 2020

(With Independent Auditors' Report Thereon)

(Translation from Spanish Language Original)

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INDEPENDENT **AUDITORS- REPORT**

[Translation from Spanish Language Original]

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

(Thousands or 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, 2021 and 2020, 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, 2021 and 2020, 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.

<table>
<tr><th colspan="2">Impairment test of goodwill and intangible assets ($5,189,598)</th></tr>
<tr><td colspan="2">See Note 13 to the consolidated financial statements.</td></tr>
<tr><td>The key audit matter</td><td>How the matter was addressed in our audit</td></tr>
<tr><td>Goodwill and intangible assets come mainly from the acquisition, in previous years, of some of the Cash Generating Units ("CGU"); Transportadora Egoba, S. A. de C. V., Corporación Lipu, S. A. P. I. de C. V., Almacenadora y Distribuidora Aquarius, S. A. de C. V., Auto Express Frontera Norte, S. A. de C. V., Potencia Logística Potosina, S. A. P. I. de C. V. y Redpack, S. A. de C. V.

The assessment of impairment through annual tests of goodwill and intangible assets is considered a key audit matter due to the complexity of the accounting requirements and the significant judgment required to determine the assumptions that will be used to estimate the recoverable amount.

The recoverable amount of CGUs, which is based on the higher of value in use and fair value less costs of disposal, is derived 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).</td><td>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:

– Compare the long-term growth rates projected by the Group for these CGUs, comparing the growth assumptions with available public information.

– Evaluate the discount rate used in the valuation, by comparing it with a range of discount rates that was determined independently using publicly available information for comparable entities; and

– Calculate the fair value of the CGUs, using the Group's cash flow projections and determining a discount rate independently, and compare the results of our estimates with the recovery value estimates determined by the Group.

We evaluate the adequacy of the disclosures contained in the notes to the consolidated financial statements.</td></tr>
</table>

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:

- Identify 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.

Alejandro Lozano Rodríguez

Mexico City, April 25, 2022.

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

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

December 31, 2021 and 2020

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

ASSETS	NOTE		2021	2020
Current assets:				
Cash and cash equivalents	7	$	1,260,738	1,597,298
Equity investments	5(b)		140,027	126,313
Accounts receivable	8		2,916,881	2,617,881
Related parties	10		2,274	2,762
Income tax assets			332,196	231,768
Other tax assets			422,203	612,415
Other accounts receivables	9		286,597	270,934
Inventories (mainly spare parts)			116,697	88,099
Prepayments	11		178,757	126,441
Total current assets			5,656,370	5,673,911
Non-current assets:				
Restricted cash	7		74,317	-
Long-term prepayments	11		7,380	121,730
Transportation equipment and machinery	12		9,293,263	8,132,653
Right-of-use assets	19		1,017,742	1,199,323
Investment in associated companies			3,017	3,017
Goodwill	13		4,322,892	4,322,892
Activos intangibles	13		1,334,390	1,319,853
Guarantee deposits			77,603	66,889
Deferred tax assets	20		172,386	251,278
Derivative financial instruments	25		43,761	-
Total non-current assets			16,346,751	15,417,635
Total assets		$	22,003,121	21,091,546

LIABILITIES AND STOCKHOLDERS' EQUITY	NOTE		2021	2020
Current liabilities:				
Current installments of long-term debt	14	$	566,006	1,026,541
Current lease obligations	19		385,282	311,951
Suppliers	15		1,361,115	939,472
Other liabilities			59,129	108,303
Other taxes	16		536,112	693,106
Accruals	18		574,062	576,960
Income taxes			126,913	86,904
Employee statutory profit sharing	18		85,138	80,792
Related parties	10		737	5,100
Advances from customers	8		42,635	79,043
Total current liabilities			3,737,129	3,908,172
Non-current liabilities:				
Long-term debt, excluding current installments	14		3,297,273	2,372,947
Long-term debt securities, excluding current maturities	14		2,500,000	2,500,000
Long-term lease obligations excluding current maturities	19		562,392	702,125
Derivative financial instruments	25		3,863	40,638
Employee benefits	17		98,370	108,228
Deferred taxes liabilities	20		698,098	620,041
Total non-current liabilities			7,159,996	6,343,979
Total liabilities			10,897,125	10,252,151
Stockholders' equity:				
Capital stock	22		7,801,710	8,355,060
Additional paid-in capital			135,944	135,944
Legal reserve			77,533	67,272
Actuarial gains	17		(3,519)	(2,469)
Earnings from derivative financial instruments			30,633	(28,447)
Other equity accounts			402,340	490,173
Retained earnings			2,661,355	1,821,862
Total stockholders' equity			11,105,996	10,839,395
Total liabilities and equity		$	22,003,121	21,091,546

See accompanying notes to consolidated financial statements.

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

CONSOLIDATED **STATEMENTS OF COMPREHENSIVE INCOME**

For the years ended December 31, 2021 and 2020
(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		2021	2020
Freight revenues	4(k)	$	6,112,292	5,480,197
Logistic revenues	4(k)		4,605,587	3,259,113
Personnel transportation revenues	4(k)		6,368,592	5,558,396
Total revenue of operation			17,086,471	14,297,706
Total costs	10 and 22		12,626,320	10,162,109
Gross profit			4,460,151	4,135,597
General expenses	10 and 23		2,604,308	2,393,851
Impairment for doubtful accounts and other accounts receivables			53,099	87,714
Other profit	24		(97,413)	(27,502)
Operating income			1,900,157	1,681,534
Finance (cost) income:				
Interest expenses			(576,300)	(635,569)
Financial cost of the defined benefit plan			(2,724)	(4,245)
Other financial cost			(23,553)	(46,043)
Net foreign exchange loss			(23,358)	(121)
Valuation effect of financial instruments			(14,548)	(54,200)
Interest income			22,194	60,439
Net finance costs			(618,289)	(679,739)
Profit before income taxes			1,281,868	1,001,795

See accompanying notes to consolidated financial statements.

	NOTE		2021	2020
Income tax	20			
Current			300,035	315,731
Deferred			132,079	25,044
Total income tax			432,114	340,775
Consolidated net income		$	849,754	661,020
Other comprehensive results				
Items that will not be reclassified subsequently to profit or loss:				
Actuarial loss of the defined benefit plan	17	$	(1,500)	(6,287)
Deferred income tax			450	1,886
Items that can be reclassified after the period result:				
Valuation effect of derivative financial instruments	20 a		84,400	11,574
Deferred income tax			(25,320)	(3,472)
Other comprehensive results			58,030	3,701
Total comprehensive income		$	907,784	664,721
Basic earnings per share (in mexican pesos)	27	$	1.591	1.230

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

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

For the years ended December 31, 2021 and 2020
(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	(LOSS) PROFIT NET ACTUARIAL	VALUATION EFFECT FROM DERIVATIVE FINANCIAL INSTRUMENTS	OTHER EQUITY ACCOUNTS	RETAINED EARNINGS	TOTAL STOCKHOLDERS' EQUITY
Balances as of January 1, 2020		$ 8,599,249	135,944	39,200	1,932	(36,549)	375,035	1,188,914	10,303,725
Legal reserve	21(b)	–	–	28,072	–	–	–	(28,072)	–
Employee stock ownership plan (ESOP)	21(d)(i)	–	–	–	–	–	115,138	–	115,138
Repurchase of shares	21(c)	(244,189)	–	–	–	–	–	–	(244,189)
Net comprehensive income	21	–	–	–	(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
Legal reserve	21(b)	–	–	10,261	–	–	–	(10,261)	–
Employee stock ownership plan (ESOP)	21(d)(i)	(82,443)	–	–	–	–	(87,833)	–	(170,276)
Repurchase of shares	21(c)	(470,907)	–	–	–	–	–	–	(470,907)
Net comprehensive income	21	–	–	–	(1,050)	59,080	–	849,754	907,784
Balances as of December 31, 2021		$ 7,801,710	135,944	77,533	(3,519)	30,633	402,340	2,661,355	11,105,996

See accompanying notes to consolidated financial statements.

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended December 31, 2021 and 2020
(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.

		2021	2020
Cash flows from operating activities:			
Consolidated net income	$	849,754	661,020
Adjustments for items relating to operating activities:			
Income tax expense		432,114	340,775
Depreciation and Amortization		1,503,097	1,336,700
Impairment of accounts receivable and other accounts receivable		53,099	87,714
(Gain) loss on sale of transportation equipment and machinery		(37,529)	31,066
Financial cost of the defined benefit plan		2,724	4,245
Interest income		(22,194)	(60,439)
Unrealized foreign exchange gain		(811)	(1,591)
Loss on valuation of financial instruments		14,548	54,200
Employee stock ownership plan (ESOP)		175,105	-
Interest expense and other finance cost		599,853	681,612
Subtotal		3,569,760	3,135,302
Change in:			
Accounts receivable		(352,099)	(648,829)
Accounts receivable from related parties		488	(1,513)
Other accounts receivables		(52,917)	(187,887)
Income tax assets		8,923	(60,583)
Inventories		(28,598)	(41,334)
Prepayments		(52,316)	(25,153)
Income tax paid		(260,026)	(280,359)
Suppliers		171,507	217,302
Other liabilities		(49,174)	(80,652)
Other taxes		(156,994)	110,799
Accruals		(2,897)	169,568
Accounts payable to related parties		(4,363)	2,885
Employee benefits		(14,083)	22,669
Advances from customers		(36,409)	15,166
Employee statutory profit sharing		4,346	14,094
Net cash provided by operating activities		2,745,148	2,361,475

See accompanying notes to consolidated financial statements.

		2021	2020
Cash flows from investing activities:			
Acquisition of transportation equipment and machinery		(1,934,743)	(890,314)
Advance payments for adquisitions of transportation equipment and machinery		203,523	131,235
Intangible assets		(72,062)	(3,791)
Guarantee deposits		(10,714)	(40,457)
Other payments to acquire equity instruments of other entities		(710,459)	(91,745)
Other receipts to acquire equity instruments of other entities		726,894	-
Interest received		22,194	60,439
Net cash used in investing activities		(1,775,367)	(834,633)
Surplus cash to apply in financing activities		969,781	1,526,842
Cash flows from financing activities:			
Shares repurchase		(621,076)	(244,189)
Payments of bank loans		(5,792,774)	(5,576,169)
Lease payments		(475,823)	(689,857)
Settlement of derivative financial instruments		(40,833)	(48,209)
Proceeds from bank loans		6,232,389	4,096,764
Long-term equity debt		-	2,500,000
Debt issuance costs		-	(23,106)
Restricted cash		(74,317)	-
Interest paid (1)		(534,718)	(526,872)
Net cash used in financing activities		(1,307,152)	(511,638)
Net (decrease) increase in cash and cash equivalents		(337,371)	1,015,204
Cash and cash equivalents at beginning of year		1,597,298	580,503
Revaluation effect on cash		811	1,591
Cash and cash equivalents at end of year	$	1,260,738	1,597,298

(1) The group has chosen to classify cash flows from interest payments as financing activities.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2021 and 2020
(Thousands of 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 shown below.

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 as follows:

SUBSIDIARY	2021	2020	PREPONDERANT ACTIVITY
GM:			
Grupo Mudancero, S. A. de C. V	100	100	Specialized transportation of cargo, freight and moving
MyM Internacional, S. A. de C. V.	100	100	General merchandise packaging
Transporte de Carga Grupo MyM, S. A. de C. V.	100	100	Specialized cargo transport
Egoba:			
Transportadora Egoba, S. A. de C. V.	100	100	Cargo transport
Servicios FTM:			
Servicios Corporativos FTM, S. C.	100	100	Provision of services
SID Group:			
Transportes Suvi, S. A. de C. V.	100	100	Cargo transport
Almacenaje y Distribución Avior, S. A. de C. V.	100	100	Storage services
Tractocamiones Europeos, S. A. de C. V.	100	100	Tract maintenance
Traxion Solutions, S. A. de C. V. (formerly Autotransportes Suvi, S. A. de C. V.) (ii)	100	100	Storage services
AFN:			
Auto Express Frontera Norte, S. A. de C. V.	100	100	Cargo transport
Inter Mexicana de Transportes S. A. de C. V.	100	100	Cash transfers
AFN Logistics, LTD.	100	100	International logistics
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

SUBSIDIARY	2021	2020	PREPONDERANT ACTIVITY
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 staff transportation.
Transportes Lipu, S. A. de C. V.	100	100	School, staff and corporate transportation.
Loxtel Asesores, S. A. P. I. de C. V.	100	100	Personnel transport
Grupo Settepi, S. A. P. I. de C. V.	100	100	Personnel transport
M&A Traxion, S. A. P. I. de C.V.	100	100	Personnel services
Excelencia en Transporte de Personal, S. A. P. I. de C. V.	100	100	School Transportation Services
Publica Advertising, S. A. de C. V.	100	100	Advertising services
Redpack:			
Redpack, S. A. de C. V.	100	100	Courier and parcel services
Redpack U.S.A. Inc.	100	100	Courier and parcel services
Bisonte:			
Potencia Logística Potosina, S. A. P. I. de C. V.	100	100	Specialized refrigerated cargo transport
Autotransportes el Bisonte, S. A. de C. V.	100	100	Specialized refrigerated cargo transport
Logistics:			
Traxión Logistics, S. A. de C. V.	100	100	National and international logistics services.
Traxión Technologies, S. A. de C.V.	90	90	Intermediation services through means and technological platforms.
Loadsapp Colombia, S.A.S.	100	100	Intermediation services through means and technological platforms.
Traxion Logistics, USA (antes Insoftel Logistics, Inc.)	100	100	Intermediation services through means and technological platforms.
Trx Ride On S. A. de C. V. (iii)	100	100	Establish, organize and manage a private transportation club.

SUBSIDIARY	2021	2020	PREPONDERANT ACTIVITY
Nonprofit organization:			
Fundación Traxión, A. C. (iv)	100	100	Non-profit association, with assistance activities to people and / or groups of limited resources, indigenous communities and vulnerable groups.
Prediama:			
Prediama, S. A. de C. V. SOFOM, E. N. R. (i)	100	-	Financial services.

During 2021, the following transactions occurred:

i. On January 14, 2021, at the Stockholder´s Meeting was established the incorporation of Prediama, S. A. de C. V. SOFOM, E. N. R. the purpose of which is the realization of activities of granting credit, leasing and financial factoring, as well as the lease of movable and immovable property.

ii. On July 29, 2021, the change of corporate name of was carried out Autotransportes SUVI S. A. de C. V., to Traxion Solutions, S. A. de C. V., and the corporate purpose is reformed, establishing that it will provide specialized services in maintenance, protection and handling of materials among others.

During 2020, the following transactions occurred:

iii. On March 4, 2020, at the Stockholder´s Meeting was established the incorporation of TRX 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.

iv. 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.

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 March 9, 2021, a contract was entered into for a credit line committed to a syndicate of banks for $3,500 million pesos, as part of its financing strategy and in line with the commitment to optimize its financial structure. The loan consists of a single line of $3,000 million pesos in the long term with increasing amortizations and maturity in 2026, and margin between 175 and 285 basis points, which will depend on the calculation of our net debt to EBITDA ratio, as well as a revolving line of $500 million, maturing in 2024 and margin of 200 basis points. Both components of credit are chirographic.

b) On September 10, 2020, an issue of chirographic stock certificates was carried out for $2,500 million pesos, for a term of 7 years, and with a fixed rate coupon of 8.98%. The issue was made 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 change Grupo Traxión's leverage ratios.

c) At the beginning of 2020 the appearance and spread of the coronavirus (COVID-19) outbreak has affected commercial and economic activity globally.

During 2020, the contingency due to the COVID-19 pandemic, affected various sectors of the economy which caused the closure of schools and other essential activities, these effects were offset by the increase in transport capacities required by customers in the segment of transport of people to industrial parks and in the same way an increase in the use of electronic commerce and all logistics channels that serve was generated. to this medium.

(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 25, 2022, 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 measurament-*

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 report 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. Assumptions and uncertainties of estimates

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) - useful lives of transportation equipment and machinery.
- Note 4(h)(i) - measurement of ECL allowance for trade receivables and contract assets: Key assumptions in determining the weighted-average loss rate.

- Note 4(h)(ii) - impairment tests of intangible assets and goodwill: key assumptions for recoverable amounts.
- Note 4(i) - measurement of defined benefit obligations: key actuarial assumptions.
- Note 4(j) - provisions.
- Note 4(m) - recognition of deferred tax assets: availability of future taxable profit against which deductible temporary differences and tax losses carried forward can be utilized.
- Nota 4 (t) - determination of the base discount rate for the calculation of assets and liabilities for the right of use.
- Note 4(p) - contingencies

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(g) - share-based payment arrangements; and
— Note 5(d) - 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 "Gross Profit" 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.

Likewise, the Operating profit item is presented, which is the result of reducing operating expenses to the gross profit, considering that this item contributes to a better understanding of the economic and financial performance of the Group.

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 consistently applied in the 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 consolidated 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 with 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 contractual terms of the instrument. This includes evaluating whether a financial asset 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 the 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 hedge accounting -

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) Transport 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 the 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 the range from 5.5% to 65% 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) Inventory 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 finds 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 shortfalls (i.e. the difference between the cash flow owed to the entity under the contract and the cash flows that the Group expects to receive).

According to 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 receivable). As a result, the loss rate (PD*LGD) is obtained, which must be used for the calculation of applicable provisions/reserves for the events of January 1, 2018.

This quantitative assessment will be continuous and if applicable adjustments will be made to the expected loss rate (impairment) on a semi-annual basis.

Presentation of the value adjustment for expected credit losses 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 fair value debt instruments with changes in other comprehensive result, the value adjustment is charged to results 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.

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 recognized 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.

Customer advances correspond mainly to deposits made by customers for the provision of services and therefore a future obligation, the initial balance of the customer advance account is recognized as income in full during the current period.

TYPE OF SERVICE	NATURE AND TIMELINESS OF SATISFACTION OF OBLIGATIONS	REVENUE RECOGNITION POLICY
Freight revenue	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 Services	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. This type of income is part of the logistics and technology segment.	Service income is recognized over time, as provided.
Personal Transportation	School transport, personnel and tourist transport services. Invoices are issued monthly and are usually 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 tax-*

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-base 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 an expense 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, 2021:

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

As of December 31, 2021, the current new requirements have no significant impact on the Group's financial statements.

Some rules are effective for annual periods beginning after January 1, 2022 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 rules and interpretations are not expected to have a material impact on the Group's consolidated financial statements.

Effective Date 1 January 2022:

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

Effective Date 1 January 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 (IFN).

c) *Non-derivative financial liabilities-*
The fair value of non-derivative financial liabilities 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) *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.

e) *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, 2021 and 2020.

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.

As of December 31, 2021, the maximum exposure to credit risk for derivative financial instruments amounts to the valuation of hedging swaps, which represent an asset to the Group of $43,761, with a current notional of $1,000,000.

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:

		2021		2020	
		GROSS	IMPAIRMENT	GROSS	IMPAIRMENT
Current	$	2,017,656	(30,287)	2,141,474	(10,233)
Past due from none to 90 days		894,443	(13,426)	418,894	(2,002)
Past due from 91 to 120 days		27,786	(417)	27,239	(130)
Past due over 121 days		58,246	(37,120)	141,882	(99,243)
	$	2,998,131	81,250	2,729,489	(111,608)

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 0.000858% to 10.9979% for accounts receivable and 100 % for unrecoverable accounts receivable.

The movements of the allowance for doubtful of accounts receivable from customers, is as follows:

		2021	2020
Balance at the beginning of the financial year	$	111,608	76,931
Increment		53,099	56,600
Applications		(83,457)	(21,923)
Balance at the end of the financial year	$	81,250	111,608

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:

2021		CARRYING AMOUNT	TOTAL CASH FLOWS	0-12 MONTHS	1 TO 2 YEARS	3 YEARS AND OLDER
Debt	$	3,863,279	4,384,962	777,604	790,597	2,816,761
Stock debt		2,500,000	3,861,967	226,994	226,994	3,407,979
Lease obligations		947,674	1,328,291	506,128	419,255	402,908
Suppliers and accruals		1,935,177	1,935,177	1,935,177	-	-
Other liabilities		59,129	59,129	59,129	-	-
Financial instruments		3,863	3,975	3,975	-	-
Related parties		737	737	737	-	-
	$	9,309,859	11,574,238	3,509,744	1,436,846	6,627,648

2020		CARRYING AMOUNT	TOTAL CASH FLOWS	0-12 MONTHS	1 TO 2 YEARS	3 YEARS AND OLDER
Debt	$	3,399,488	3,856,585	1,062,255	2,265,806	528,524
Stock market debt		2,500,000	4,088,961	226,994	226,994	3,634,972
Lease obligations		1,014,076	1,196,357	389,721	296,667	509,970
Suppliers and provisions		1,516,432	1,516,432	1,516,432	-	-
Creditors		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

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.

In the international context of transition to new reference rates, the Bank of Mexico began the publication of the TIIE of Funding to an interbank business day on January 16, 2020.

The main advances during 2021 regarding the adoption of the Funding TIIE have been carried out within the framework of the Working Group on Alternative Reference Rates (GTTR) on the following topics:

- Derivatives market
- Debt market
- The market for banking products.

Following the steps taken in other countries, the analysis for the cessation of the TIIE was initiated at terms greater than one banking business day so that market participants can take their forecasts before this event.

In order to decide how and when to adopt the new rates that replace those of the TERM TIIE, it is necessary to take into account the representativeness that these rates have in the different markets, so it is important to note that the 28-day period of the TIIE is by far the most used, therefore, and with the aim of smoothing the transition, the rates that replace the terms of 91 and 182 days could be the first to be used.

Therefore, a tentative calendar was proposed with the following actions to begin adopting the rates that replace the TIIE:

- The publication of the rates that replace the TIIE 28, 91 and 182 days with a history of at least 10 years will begin in the first quarter of 2022.
- The use of TIIE 91 and 182 in new contracts will cease after the last working day of 2022.
- The use of the TIIE will cease 28 days in new contracts, after the last business day of 2023.

The Risk Management Committee monitors and manages the Group's transition to alternative rates. The Committee evaluates the extent to which contracts refer to IBOR cash flows, whether those contracts need to be modified as a result of the IBOR Reform, and how to manage communication about the IBOR Reform with counterparties.

The following is the Group's exposure to these changes:

REFERENCE RATE	TYPE OF FINANCIAL INSTRUMENT		NOTIONAL
TIIE28	Syndicated credit	$	2,000,000
TIIE28	Simple credits		781,442
TIIE28	Lease liabilities		55,075
TIIE28	SWAPs		1,000,000

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:

		2021	2020
Assets	$	38,480	36,722
Liabilities		(29,451)	(16,134)
Net assets	$	9,029	20,588

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	
		2021	2020
US dollar	$	20.28	21.49

		CLOSURE OF DECEMBER	
		2021	2020
US dollar	$	20.51	19.93

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	
		2021	2020
Dollar (10%, variation)	$	18,524	41,042

The weakening of the US dollar against the Mexican peso on December 31, 2021 and 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.

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 Group's exposure to interest rate risk comes primarily from the reporting date of the syndicated loan disposed of for $2,000,000 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), some of which have been designated and documented as cash flow hedge instruments with a notional $1,000,000 to mitigate variable rate risk. The Group applies a coverage ratio of 1:1.

All coverage relationships designated as of December 31, 2021 and 2020 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, 2021 and 2020 of the interest-accruing financial instruments, were as follows:

		2021	2020
Fixed rate:			
Financial liabilities	$	4,999,073	3,696,192
Derivative financial instruments		1,000,000	984,375
	$	5,999,073	4,680,567

		2021	2020
Variable rate:			
Financial liabilities	$	1,814,485	2,804,572
Derivative financial instruments		(1,000,000)	(984,375)
	$	814,485	1,820,197

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 that the rest of the variable rates remain constant, at the end of the year, could affect the valuation of the derivative financial instruments and the debt at the variable rate, and their corresponding effects on Stockholders´equity and Comprehensive income according as follows:

		2021	2020
Variable interest rate (TIIE+ 50pbs)	$	55,565	12,036
Interest rate on swaps		11,907	10,308

A decrease in the interest rate as of December 31, 2021 and 2020 would have had the same effect, but in the opposite direction on the valuation of derivative financial instruments and variable-rate debt and their corresponding effects on Capital and Results.

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:

The tables do not include information for financial assets and liabilities not measured at fair value if the carrying amount is a fair approximation of fair value.

2021

		Carrying amount				Fair value			
		Fair value	Cash and receivable accounts	Other financial assets	Total	Level 1	Level 2	Level 3	Total
Financial assets to At fair value:									
Investments in VRCR shares		140,027	-	-	140,027	-	140,027	-	140,027
Derivative financial instruments	$	-	-	43,761	43,761	-	43,761	-	43,761
	$	140,027	-	43,761	183,788	-	183,788	-	183,788
Financial assets not measured at fair value:									
Cash and cash equivalents.	$	-	1,260,738	-	1,260,738	-	-	-	-
Accounts receivable, net.		-	2,916,881	-	2,916,881	-	-	-	-
Related parties.		-	2,274	-	2,274	-	-	-	-
Other accounts receivable, net.		-	286,597	-	286,597	-	-	-	-
	$	-	4,466,490	-	4,466,490	-	-	-	-

		Carrying amount				Fair value			
		Fair value	Cash and receivable accounts	Other financial assets	Total	Level 1	Level 2	Level 3	Total
Financial liabilities not measured at fair value:									
Long-term debt	$	-	-	6,363,279	6,363,279	-	6,299,308	-	6,299,308
Lease obligations		-	-	947,674	947,674	-	-	-	-
Suppliers and provisions		-	-	1,935,177	1,935,177	-	-	-	-
Creditors		-	-	59,129	59,129	-	-	-	-
Related parties		-	-	737	737	-	-	-	-
	$	-	-	9,305,996	9,305,996	-	6,299,308	-	6,299,308
Financial liabilities at fair value:									
Derivative financial instruments	$	-	-	3,863	3,863	-	3,863	-	3,863
	$	-	-	3,863	3,863	-	3,863	-	3,863

2020

		Carrying amount				Fair value			
		Fair value	Cash and receivable accounts	Other financial assets	Total	Level 1	Level 2	Level 3	Total
Financial assets at fair value:									
Investment in VRCR shares.	$	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	-	-	-	-
Accounts receivable, net.		-	2,617,881	-	2,617,881	-	-	-	-
Related parties.		-	2,762	-	2,762	-	-	-	-
Other accounts receivable, net.		-	1,261,525	-	1,261,525	-	-	-	-
Current tax assets		-	-	-	-	-	-	-	-
	$	-	5,479,466	-	5,479,466	-	-	-	-
Financial liabilities not measured at fair value:									
Long-term debt	$	-	-	5,899,488	5,899,488	-	6,066,391	-	6,066,391
Lease obligations		-	-	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

B. Measurement of fair values

i. Valuation techniques and significant non-observable input data.

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.

FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE	
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 non-observable input data	Not applicable
Interrelationship between significant non-observable input data and fair value measurement	Not applicable

FINANCIAL INSTRUMENTS 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 discount rate
Significant non-observable input data	Not applicable
Interrelationship between significant non-observable input data and fair value measurement	Not applicable

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.

		2021	2020
Favorable scenario	$	-	12,631
Unfavorable scenario		(3,133)	(12,631)

As of December 31, 2021, the shares represent shares on investment companies, the sensitivity for each instrument measured through the Value at Risk (VaR) methodology was considered, with a confidence level of 97.5% and a one-day horizon so the effect represents the maximum expected loss.

As of December 31, 2020, the sensitivity analysis was performed considering an increase or decrease in the share price of +/- 10%.

Cash Flow Hedges-

As of December 31, 2021, the Group held the following instruments to hedge exposures to changes in the interest rates:

INTEREST RATE RISK	1-6 MONTHS	MATURITY 6-12 MONTHS	MORE THAN A YEAR
Interest rate swaps			
Net exposure	3,223	9,633	30,906
Average fixed interest rate	5.97%	5.97%	5.97%

At the date of presentation, the amounts related to items designated as hedged items were as shown below:

	2021				
		CHANGE IN THE VALUE USED TO CALCULATE THE HEDGE INEFFECTIVENESS	CASH FLOW HEDGE RESERVE	COSTS OF HEDGING HEDGE RESERVE	BALANCES THAT REMAIN IN THE COVERAGE RESERVE OF COVERAGE RELATIONSHIPS FOR WHICH HEDGE ACCOUNTING IS NO LONGER APPLIED
Rate risk interest					
Variable rate instruments	$	(84,400)	43,761	-	-

The amounts related to items designated as hedging instruments and hedging effectiveness are as follows:

2021

		CARRYING AMOUNT									
	NOMINAL AMOUNT	ASSETS	LIABILITIES	LINE IN THE STATEMENT OF FINANCIAL POSITION IN WHICH THE HEDGING INSTRUMENT IS INCLUDED	CHANGE IN THE VALUE OF THE HEDGING INSTRUMENT RECOGNIZER IN OCI	HEDGE INEFFECTIVENESS RECOGNIZED IN PROFIT OR LOSS	LINE ITEM IN PROFIT OR LOSS THAT INCLUDES HEDGE INEFFECTIVENESS	COSTS OF HEDGING RECOGNIZED IN OCI	AMOUNT FROM COSTS OF HEDGING RESERVE TRANSFERRED TO COST OF INVENTORY	AMOUNT RECLASSIFIED FROM HEDGING RESERVE TO PROFIT OR LOSS	LINE ITEM IN PROFIT OR LOSS AFFECTED BY THE RECLASSIFICATION
Interest rate risk											
Interest rate swaps	1,000,000	43,761	-	Derivative financial instruments	(84,400)	-	(Cost) financial income	-	-	-	(Cost) financial income

2020

		CARRYING AMOUNT									
	NOMINAL AMOUNT	ASSETS	LIABILITIES	LINE IN THE STATEMENT OF FINANCIAL POSITION IN WHICH THE HEDGING INSTRUMENT IS INCLUDED	CHANGE IN THE VALUE OF THE HEDGING INSTRUMENT RECOGNIZER IN OCI	HEDGE INEFFECTIVENESS RECOGNIZED IN PROFIT OR LOSS	LINE ITEM IN PROFIT OR LOSS THAT INCLUDES HEDGE INEFFECTIVENESS	COSTS OF HEDGING RECOGNIZED IN OCI	AMOUNT FROM COSTS OF HEDGING RESERVE TRANSFERRED TO COST OF INVENTORY	AMOUNT RECLASSIFIED FROM HEDGING RESERVE TO PROFIT OR LOSS	LINE ITEM IN PROFIT OR LOSS AFFECTED BY THE RECLASSIFICATION
Interest rate risk											
Interest rate swaps	984,375	-	(40,638)	Derivative financial instruments	(27,147)	-	(Cost) financial income	-	(38,721)	-	(Cost) financial income

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:

		2021		2020	
		COVERAGE RESERVE	COST OF THE COVERAGE RESERVATION	COVERAGE RESERVATION	COST OF THE COVERAGE RESERVATION
Balance as of January 1	$	28,447	-	36,549	-
Cash flow hedges					
Changes in fair value					
Interest rate risk		(84,400)	-	27,147	-
Amount reclassified to Results					
Early settlement		-	-	(38,721)	-
Deferred		25,320	-	3,472	-
Balance as of December 31	$	(30,633)	-	28,447	-

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:

		2021	2020
Total liabilities	$	10,897,125	10,252,151
Cash and cash equivalents		1,260,738	1,597,298
Net debt	$	9,636,387	8,654,853
Capital Stock	$	11,105,996	10,839,395
Ratio of debt to equity	$	0.87	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, 2021 and 2020.

The accumulative average public price of diesel in the twelve-month period ended December 31, 2021 was $20.95 pesos per liter. The Group carries out a sensitivity analysis based on the changes that the price of diesel could undergo under 2 scenarios (+/- five percentage points to the price of diesel).

The result of the analysis indicates that an increase in price compared to that of December 31, 2021 could decrease or increase the gains or losses of the period, respectively by $152,891.

The decrease in the price of diesel at the end of the period would have had the same effect, in the amount shown, but in the opposite direction on the gains or losses of the period.

In addition to this, a change in the crediting factor of the IEPS stimulus could generate a direct impact on the cost of fuel and on the profitability of the Group.

To date in the financial statements, the price of fuels has increased globally due to the war between Ukraine and Russia, which could represent an impact on the company's financial statements.

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:

		2021	2020
Cash funds	$	2,910	2,394
Call deposits		451,666	577,700
Cash in banks		806,162	945,263
Restricted cash (1)		-	71,941
Cash and cash equivalents	$	1,260,738	1,597,298

(1) As of December 31, 2020, the Group has restricted cash of $71,941. 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-

	2021	2020
Accounts receivable	2,998,131	2,729,489
Less allowance for doubtful accounts	81,250	111,608
Total accounts receivable	2,916,881	2,617,881

Note 6 discloses the Group's exposure to credit risk, foreign exchange and impairment losses related to accounts receivable.

The Group mainly offers land cargo transport services (national and international), logistics and technology services, as well as people transport services, for which it generates income from contracts with customers. See note 28 for details of revenue by segment.

As of December 31, 2021 and 2020, assets related to customer contract income and outstanding are primarily included in accounts receivable (net) and amount to $2,916,881 and $2,617,881 respectively.

As of December 31, 2021 and 2020, contract liabilities related to customer contract income amount to $42,635 and $79,043, respectively, and are comprised of customer advances.

(9) OTHER RECEIVABLE-

		2021	2020
Sundry debtors	$	261,857	272,596
Bus operators		21,272	15,213
Officials and employees		16,572	12,561
Other		24,225	13,678
		323,926	314,048
Less allowance for doubtful accounts		37,329	43,114
Total other receivable	$	286,597	270,934

Note 6 discloses the Group's exposure to credit and currency risk 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):

		2021	2020
Short-term benefits	$	226,937	200,352
Plan of action (note 21(d))		175,105	179,692

(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, 2021 and 2020, were as follows:

COMPANY	INCOME		2021	2020
Pública Entertaiment, S. A. de C. V.	Management Services	$	2,003	1,623
Operadora Arrendadora de Vehículos Puli, S. A. de C. V.	Personnel transportation		735	-

COMPANY	EXPENSE		2021	2020
Inmobiliaria Albali, S. A. de C. V.	Leasing and other expenses	$	17,862	13,498
Tracto Servicios Especializados de Querétaro, S. A. de C. V	Maintenance costs		15,280	11,317
Inmobiliaria Eventus, S. A. de C. V.	Leasing		9,262	9,714
Operadora y Arrendadora de Vehículos Puli, S. A. de C. V.	Personnel transportation		32	102

Balances receivable and payable to related parties (other related parties), as of December 31, 2021 and 2020, are integrated as shown below:

ACCOUNTS RECEIVABLE	2021	2020
Pública Entertaiment, S. A. de C. V. (1)	2,184	2,184
Operadora y Arrendadora de Vehículos Puli, S. A. de C. V. (1)	-	477
Other related parties (2)	90	101
	2,274	2,762

(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	2021	2020
Tracto Servicios Especializados de Querétaro, S. A. de C. V.	561	4,289
Operadora y Arrendadora de Vehículos Puli, S. A. de C. V.	-	601
Other related parties	176	210
	737	5,100

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, 2021 and 2020, accounts receivable and payable between related parties are not guaranteed.

(11) PREPAYMENTS-

		2021	2020
Advances to suppliers (1)	$	63,800	47,405
Insurance paid in advance		59,163	44,297
Other expenses paid in advance (2)		55,794	34,739
		178,757	126,441
Advances to suppliers long-term (1)		7,380	7,380
Advance payments		-	114,350
		7,380	121,730
Total prepayments	$	186,137	248,171

(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 31 December 2021, the Group had the following relevant transactions related to transportation equipment and machinery, as shown below.

Additions and disposals-

COST		2020	ADDITIONS	DISPOSALS	2021
Personnel transportation equipment	$	5,925,083	925,404	115,595	6,734,892
Tractor trucks		2,169,645	887,736	340,055	2,717,326
Platforms and boxes		1,023,033	326,151	29,892	1,319,292
Transportation equipment		547,645	12,958	7,119	553,484
Machinery and equipment		174,423	18,611	8	193,026
Improvements to premises		186,246	81,892	7	268,131
Computer equipment		175,609	74,187	1,390	248,406
Tracking equipment		50,981	13,456	-	64,437
Office furniture and equipment		49,275	15,327	157	64,445
Storage equipment		10,468	1,776	1,281	10,963
Telephones		5,320	-	-	5,320
Safety equipment		1,374	-	-	1,374
Other assets		27,822	2,505	7,768	22,559
	$	10,346,924	2,360,003	503,272	12,203,655

Depreciation-

ACCUMULATED DEPRECIATION		2020	ADDITIONS	DISPOSALS	2021
Personnel transportation equipment	$	929,791	448,153	97,559	1,280,385
Tractor trucks		380,344	357,107	237,394	500,057
Platforms and boxes		484,022	129,789	31,331	582,480
Transportation equipment		148,670	17,696	4,943	161,423
Machinery and equipment		61,050	15,250	1	76,299
Improvements to premises		62,254	29,672	2	91,924
Computer equipment		95,185	53,095	437	147,843
Tracking equipment		9,907	6,815	-	16,722
Office furniture and equipment		14,438	6,777	286	20,929
Storage equipment		4,241	294	-	4,535
Telephones		3,203	-	-	3,203
Safety equipment		2,001	6	1,281	726
Other assets		19,165	5,999	1,298	23,866
	$	2,214,271	1,070,653	374,532	2,910,392
Carrying value, net	$	8,132,653	1,289,350	128,740	9,293,263

The movements of the items that compose the transportation equipment and machinery for the year 2020, are shown below:

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 assets		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

Impairment-

During the periods ended 31 December 2021 and 2020, 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, 2021 and 2020, goodwill is derived from the acquisitions of the entities shown below:

ENTITY		2021	2020
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, 2021, it is as follows:

COST		2020	ADDITIONS	DISPOSALS	2021
Cost					
Brands	$	866,706	-	-	866,706
Relationship with customers		589,184	-	-	589,184
Licenses & Software		116,078	72,062		188,140
		1,571,968	72,062	-	1,644,030
Amortization					
Relationship with customers		190,769	39,998	-	230,767
Licenses & Software		61,346	17,527	-	78,873
		252,115	57,525	-	309,640
Net book value	$	1,319,853	14,537	-	1,334,390

The movement in the intangibles and other assets account as of December 31, 2020 is shown below:

COST		2019	ADDITIONS	DISPOSALS	2020
Brands	$	866,706	-	-	866,706
Relationship with customers		589,184	-	-	589,184
Licenses & Software		88,348	27,730	-	116,078
	$	1,544,238	27,730	-	1,571,968
Amortization					
Relationship with customers	$	148,282	42,487	-	190,769
Licenses & Software		53,822	7,524	-	61,346
	$	202,104	50,011	-	252,115
Net book value	$	1,342,134	(22,281)	-	1,319,853

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 have 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.

As of December 31, 2021 and 2020, no impairments of commercial credit were recognized and the most sensitive variable of the calculations is the discount rate.

If, as of December 31, 2021 and 2020, 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	2021	2020
Discount rate	10.81%	11.2%
Terminal value growth rate	2.0%	2.0%
Budgeted growth rate of EBITDA growth (average for the next five years)	10.0%	9.0%

(14) DEBT-

The long-term debt as of December 31, 2021 and 2020 is as follows:

		2021	2020
Debt securities issued at a fixed annual rate of 8.98% maturing in 2027 (3)	$	2,500,000	2,500,000
Simple credit contracted at a quarterly TIIE annual rate compound plus a variable margin maturing in 2026. (1)		2,000,000	-
Simple loan contracted at a compound quarterly TIIE annual rate plus a variable marging maturing in 2023.		-	1,382,655
Simple loan contracted at a compound quarterly TIIE annual rate plus a variable marging maturing in 2023. (2)		-	602,991
Simple credit contracted at an annual rate of 8.15% with maturity in 2027.		312,363	-
Simple loan contracted at an annual rate of 8.14% maturing in 2025.		204,723	248,292
Simple credit line contracted at an annual TIIE rate plus 1.95 percentage points maturing in 2022.		189,283	232,142
Simple credit line contracted at an annual TIIE rate plus 2.00 percentage points maturing in 2026.		183,453	226,618
Simple loan contracted at an annual rate of 8.14% maturing in 2026.		185,596	217,624
Simple credit contracted at an annual TIIE rate plus 1.5 percentage points maturing in 2022.		150,000	-
Simple credit contracted at an annual rate of 6.90% with maturity in 2025.		143,338	-
Simple credit contracted at an annual TIIE rate plus 2.0 percentage points maturing in 2028.		134,698	-
Simple credit contracted at an annual rate of 7.40% with maturity in 2026.		123,307	-
Revolving credit contracted at an annual TIIE rate plus 1.50 percentage points maturing in 2023.		46,250	200,000
Simple loan contracted at an annual rate of 8.14% maturing in 2024.		86,102	103,993
Revolving credit contracted at an annual TIIE rate plus 1.70 percentage points maturing in 2024.		-	80,000
Revolving credit contracted at an annual TIIE rate plus 1.70 percentage points maturing in 2022.		45,498	24,760
to the next page	$	6,304,611	5,819,075

		2021	2020
from the previous sheet	$	6,304,611	5,819,075
Revolving credit contracted at an annual TIIE rate plus 2.0 percentage points maturing in 2022.		32,262	-
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
Pledge loan contracted at a rate of 11.0% maturing in 2022.		-	8,493
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
Total, debt	$	6,336,873	5,850,475
Unpaid accrued interest		70,468	69,844
Transaction costs		(44,062)	(20,831)
Book value of debt		6,363,279	5,899,488
Current maturities		566,006	1,026,541
Long-term equity debt securities		2,500,000	2,500,000
Long-term debt, excluding current maturities and equity debt securities	$	3,297,273	2,372,947

(1) In March 2021 the Group entered into an agreement for a committed credit line of $3,500 million pesos, said credit is composed of $3,000 million in the long term, with increasing amortizations and maturity in 2026 and margin between 175 and 285 basis points, which will depend on our ratio of net debt to Profit before financial costs, taxes, depreciation and amortization (EBITDA), as well as a revolving line for $500 million pesos with maturity in 2024 and margin of 200 basis points. Both components of credit are chirographic.

(2) 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.

(3) 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, 2021 and 2020 is shown below, identifying the items that represent cash flow:

	BEGINNING BALANCE 2020	LOANS RECEIVED	COST OF DEBT ISSUANCE	PAYMENTS OF PRINCIPAL	INTEREST PAID	TOTAL, CASH TRANSACTIONS	ACCRUED INTEREST	AMORTIZATION OF DEBT COSTS	ENDING BALANCE 2021
Total debt	5,899,488	6,232,389	-	5,792,774	472,157	5,866,946	472,780	23,553	6,363,279

	BEGINNING BALANCE 2019	LOANS RECEIVED	COST OF DEBT ISSUANCE	PAYMENTS OF PRINCIPAL	INTEREST PAID	TOTAL, CASH TRANSACTIONS	ACCRUED INTEREST	AMORTIZATION OF DEBT COSTS	ENDING BALANCE 2020
Total debt	4,785,207	6,596,764	(23,106)	(5,576,169)	(436,081)	5,346,615	506,830	46,043	5,899,488

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, the Group shall maintain and expand a cash reserve fund was established in its credit agreement.

As of December 31, 2021, and 2020, all covenants have been met.

As of December 31, 2021, the entities Egoba, GM, Grupo SID, AFN, Lipu, Bisonte and Redpack 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 18.93% and 17.83% of total costs for the periods ended December 31, 2021 and 2020, 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-

		2021	2020
Other taxes and duties	$	241,737	266,793
Value added tax		294,375	426,313
	$	536,112	693,106

(17) EMPLOYEE BENEFITS-

The Group has a benefit plan defined by seniority premium that will be payable in the event of death, disability or disability, dismissal and voluntary separation of a worker, the amount consists of twelve days of the last salary of the worker per year of service, without this exceeding twice the minimum wage of the economic zone where the worker provides his services.

In case of voluntary separation, the requirement of having completed fifteen years of service is established.

		2021	2020
Present value of unfunded obligations	$	98,370	108,228
Recognized liabilities of defined benefit obligations	$	98,370	108,228

Movements in the present value of defined benefit obligations (DBO)

		2021	2020
DBO as of January 1	$	108,228	75,027
Labor cost (decrease) of the current service		(2,549)	32,204
Financial cost		2,724	4,245
Actuarial losses		1,500	6,287
Payments during the period		(11,533)	(9,535)
Dbo as of December 31	$	98,370	108,228

Expected payments for defined benefits in the coming years are shown in the following table:

2022	$	70,222
2023		13,658
2024		11,463
2025		11,493
2026 to 2031		24,865
	$	131,701

a) *Recognized expense on results-*

		2021	2020
Current service labor cost	$	(2,549)	32,204
Financial cost		2,724	4,245
	$	175	36,449

Actuarial losses recognized in the comprehensive profit account-

	2021	2020
As of January 1,	(2,469)	1,932
Recognized during the exercise	(1,500)	(6,287)
Deferred income tax	450	1,886
As of December 31,	(3,519)	(2,469)

b) *Actuarial assumptions-*

The actuarial assumptions at the dates of the consolidated financial statements are shown below:

	2021	2020
Discount rate	7.40% a 8.50%	6.50%
Salary increase	4.50% a 5.50%	5.50% a 5.80%
Minimum salary increase	15.00%	5.00% a 5.20%
Inflation rate	7.36%	3.15%

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, 2021 and 2020, in the amounts shown below:

2021	INCREMENT	DECREASE
Discount rate (1% variation)	(3,126)	3,297

2020	INCREMENT	DECREASE
Discount rate (1% variation)	(4,601)	4,944

(18) PROVISIONS AND EMPLOYEE PARTICIPATION IN PROFIT (ESPS)-

2021		WAGES AND SALARIES	COST OF SERVICE	OTHER ACCRUALS	TOTAL ACCRUALS	ESPS
Opening balances	$	178,189	323,703	75,068	576,960	80,792
Additions		332,796	1,358,839	125,463	1,817,098	77,681
Payments		381,745	1,344,325	93,926	1,819,996	73,335
Ending balances	$	129,240	338,217	106,605	574,062	85,138

The Group expects the liquidation of these obligations to take place during the coming year.

2020		WAGES AND SALARIES	COST SERVICE	OTHER ACCRUALS	TOTAL ACCRUALS	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

(19) LEASE-

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.

2021		REAL ESTATE	TRANSPORTATION EQUIPMENT	TRACTOR TRUCKS AND BOXES	OTHER ASSETS	TOTAL
Balance as of January 1	$	382,932	156,914	656,763	2,714	1,199,323
Depreciation		274,907	14,992	76,164	8,857	374,920
Additions		357,602	17,147	8,981	29,927	413,657
Cancellations		42,970	-	175,124	2,224	220,318
Balance as of December 31	$	422,657	159,069	414,456	21,560	1,017,742

2020		REAL ESTATE	TRANSPORTATION EQUIPMENT	TRACTOR TRUCKS AND BOXES	OTHER ASSETS	TOTAL
Balance sheet as of January 1st	$	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

As of December 31, 2021 and 2020, there are assets by right of use acquired through leases that were previously classified as financial leases before the entry into force of IFRS 16 for $604,760 and $806,337, respectively, net of accumulated depreciation, which are retained as a guarantee of payment of said financings.

ii. Lease liabilities

2021		REAL ESTATE	TRANSPORTATION EQUIPMENT	TRACTOR TRUCKS AND BOXES	TOTAL
Short term lease liability	$	254,960	28,352	101,970	385,282
Long term lease liability		215,755	43,414	303,223	562,392
Total lease liabilities	$	470,715	71,766	405,193	947,674

2020		REAL ESTATE	TRANSPORTATION EQUIPMENT	TRACTOR TRUCKS AND BOXES	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 liabilities	$	409,305	85,186	519,585	1,014,076

As of December 31, 2021 and 2020, there are short-term lease liabilities acquired through leases that were classified as finance leases before the entry into force of IFRS 16 for $120,851 and $130,908, respectively, as well as liabilities for long-term leases acquired through leases that were classified as financial leases before the entry into force of IFRS 16 for $329,429. and $470,368.

	BEGINNING BALANCE 2020	LEASE PAYMENTS	INTEREST PAID	TOTAL CASH TRANSACTIONS	ACCRUED INTEREST	REVALUATION EFFECT	NEW LEASES ENTERED INTO	EARLY CANCELLATION OF LEASES	ENDING BALANCE 2021
Lease liabilities	1,014,076	(475,823)	(62,561)	475,692	103,519	1,627	413,657	(46,821)	947,674

	BEGINNING BALANCE 2019	LEASE PAYMENTS	INTEREST PAID	TOTAL CASH TRANSACTIONS	ACCRUED INTEREST	NEW LEASES ENTERED INTO	EARLY CANCELLATION 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

iii. Amounts recognized in the income statement

		2021	2020
Interest of lease liabilities	$	103,519	128,739
Lease expense related to less than one-year leases		5,874	3,257
Profit on "sale & leaseback" transaction		-	20,256

iv. Amounts recognized in the statement of cash flows:

		2021	2020
Cash outflows for leasing. (1)	$	481,697	693,114

(1) It includes payments for financial leases, previously presented as leases that were classified as financial leases before the entry into force of IFRS 16 for $150,996 and $419,282 in 2021 and 2020, 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.

During 2020, under the context of the economic and health crisis derived from COVID-19, the administration renegotiated the conditions of some leases and consequently the liabilities were 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 2020 the (subsidiary Transportadora Egoba, S. A. de C. V.), carried out a "sale & leaseback" operation that consisted of the sale of 136 boxes for 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.

(20) TAX ON EARNINGS (INCOME TAX (ISR))-

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) –*

	2021	2020
Accounts receivable and allowance for doubtful receivables	(1,140,500)	(617,560)
Transportation equipment and machinery	(511,985)	(722,783)
Right-of-use assets	(417,434)	(359,797)
Intangible assets	(401,756)	(400,027)
Other receivables	(40,843)	(30,379)
Inventories	3,097	1,327
Prepayments	1,676	32,518
Benefit obligations	20,094	26,531
Advances from customers	22,675	41,299
Employee statutory profit sharing	23,931	6,964
Other assets	(60,494)	(29,265)
Other liabilities	129,611	161,588
Accruals	188,847	186,432
Suppliers	930,374	591,544
Lease obligations	366,972	304,223
Net operating loss carryforwards	360,023	438,622
	(525,712)	(368,763)

As of December 31, 2021 and 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 temporal differences during exercises-*

		2020	RECOGNIZED IN EARNINGS	OCI	2021
Property and equipment	$	(722,783)	210,798	-	(511,985)
Intangible assets		(400,027)	(1,729)	-	(401,756)
Assets for right of use		(359,797)	(57,637)	-	(417,434)
Accounts receivable and accounts receivable impairment		(617,560)	(522,940)	-	(1,140,500)
Other receivables		(30,379)	(10,464)	-	(40,843)
Inventories		1,327	1,770	-	3,097
Advance payments		32,518	(30,842)	-	1,676
Laboral Obligations		26,531	(6,887)	450	20,094
Advance customers		41,299	(18,624)	-	22,675
Employee statutory profit sharing		6,964	16,967	-	23,931
Other assets		(29,265)	(18,101)	(13,128)	(60,494)
Other liabilities		161,588	(19,785)	(12,192)	129,611
Provisions		186,432	2,415	-	188,847
Suppliers		591,544	338,830	-	930,374
Lease liabilities		304,223	62,749	-	366,972
Tax loss		438,622	(78,599)	-	360,023
	$	(368,763)	(132,079)	(24,870)	(525,712)

		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 receivable 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)

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, 2021 and 2020, the amount of tax losses is $1,720,712 and $1,618,660, respectively with a potential impact on taxes of $516,214 and $485,598 and their expiration date ranges from 2022 to 2032 (including unrecognized tax losses).

Deferred tax assets that have not been recognized in the Group's consolidated financial statements are shown in the following table and their expiration date ranges from 2024 to 2032:

		DECEMBER 31	
		2021	2020
Tax losses to be amortized	$	156,191	46,976

As of December 31, 2021 and 2020, some subsidiaries are subject to income tax under the conditions set forth in 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.

According to the current IT Law, it establishes a rate of 30% for 2014 and thereafter.

c) *Tax on earnings*

		DECEMBER 31	
		2021	2020
Current IT	$	300,035	315,731
Deferred IT		132,079	25,044
	$	432,114	340,775

IT recognized directly in the comprehensive income account-

		2021		
		GROSS	TAX	NET OF TAX
Actuarial losses	$	1,500)	450	(1,050)
Derivative financial instruments		84,400	(25,320)	59,080

		2020		
		GROSS	TAX	NET OF TAX
Actuarial losses	$	(6,287)	1,886	(4,401)
Derivative financial instruments		11,574	(3,472)	8,102

d) *Reconciliation of the effective tax rate-*

		2021	2020
Profit before income taxes	$	1,281,868	1,001,795
Computed "expected" tax expense		384,560	300,539
Effects of inflation, net		(3,274)	(17,716)
Non-deductible expenses		42,269	87,922
Recognition of deferred assets		(11,000)	(45,192)
Other, net		19,559	15,222
	$	432,114	340,775

(21) STOCKHOLDERS' EQUITY-

What next, describes the main characteristics of the accounts that make up the Group's book capital, as well as their structure.

a) *Structure of capital stock-*

At December 31, 2021 and 2020, 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 repurchases carried out by the Group that as of December 31, 2021 and 2020 corresponds to 53,677,378 and 41,257,267 securities, respectively. As well as the effect of the shares corresponding to the payments based on shares granted to employees of the Group that correspond to 3,777,389 and 7,644,088 shares as of December 31, 2021 and 2020, respectively.

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 reserves-*

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, 2021, the legal reserve amounts to $77,533, which has not reached the amount required by the General Corporations Law.

c) *Repurchase of Share-*

At the shareholders' meeting on April 27, 2018, the maximum amount that Grupo Traxión could allocate for the repurchase of shares representing its share capital through the stock exchange in which it operates and at the current price in the market was approved. For the period from January 1 to December 31, 2021 and 2020, the amount traded for the repurchase of shares required cash flow outflows of $470,907 and $244,189 corresponding to 12,420,211 and 17,401,638 securities, respectively.

Other capital accounts-

(i) *Share based payments-*

During 2019, the Group offered some of its key management members compensation based on shares of the company, the amount of which is subject to the share price and the permanence as a director or executive of the company for at least 3 consecutive years, counted from the date on which the initial public offering was carried out. The total shares of this plan are 27,173,912.

The fair value of the shares at the date of the granting of the plan 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 program concessions are shown below:

In the general plan there are allocation 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 within the general expenses category, for the years ended December 31, 2021 and 2020 was $175,105 and $125,384 respectively.

The Group acquired 6,329,165 and 3,866,699 shares in 2021 and 2020, respectively.

As of December 31, 2021 and 2020, the recognized effect on other capital accounts is $87,833 and $114,350 respectively.

As of December 31, 2021, 10,869,665 shares were released, with 3,103,588 shares pending release as of that date.

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.

d) *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).

e) *Valuation effect of derivative financial instruments-*
Derived from the valuation of the period of the derivative financial instruments designated as accounting hedge (note 25).

(22) TOTAL COSTS-

		2021	2020
Labor cost	$	2,240,201	1,936,406
Diesel and gasoline (1)		2,386,869	1,811,912
Depreciation and amortization		1,315,890	1,060,499
Logistics Services		1,192,400	1,038,808
Parcel and logistics costs		1,790,505	1,035,252
Maintenance of trucks		869,607	695,554
Transportation and freight		668,156	658,613
Tolls (2)		777,135	614,654
Insurance		191,549	176,904
GPS communication and monitoring		64,675	50,409
Private Security		40,406	28,697
Leasing, maintenance and general services of real estate		36,718	31,277
Other (3)		1,052,209	1,023,124
Total costs	$	12,626,320	10,162,109

(1) Include an income of $748,085 and $714,272 of tax subsidy for IEPS tax as December 31, 2021 and 2020.
(2) Include $22,249 and $43,543 for tax incentives for highways as of December 31, 2021 and 2020. 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 costs and inspections, facility security, general services such as telephone, electricity, maintenance of operating facilities, etc.

(23) GENERAL EXPENSES-

		2021	2020
Labor cost	$	1,657,568	1,443,160
Depreciation and amortization		187,207	276,201
Administrative fees		222,793	188,612
Software cost		59,856	48,601
Travel expenses		45,720	40,670
Non-deductible		37,382	39,751
Fees and subscriptions		13,058	19,932
Maintenance		18,095	16,814
Security		17,930	14,795
Bank commission		21,735	13,767
Advertising		17,601	11,956
Office supplies		11,220	9,092
Insurance		4,781	8,694
Taxes		9,449	5,675
Leasing		5,297	3,257
Other (1)		274,616	252,874
Total expenses	$	2,604,308	2,393,851

(1) Includes expenses such as recruitment and selection of personnel, training, dining room expenses, telephone, office supplies, insurance and claims, among others.

(24) OTHER INCOME NET-

Other income and other expenses for the years ended December 31, 2021 and 2020 are shown below:

	2021	2020
Profit (loss) on the sale of machinery and equipment	37,529	(31,066)
Other miscellaneous income (1)	59,884	58,568
Total other income, net	97,413	27,502

(1) Mainly includes recovery of insurance expense, dining room recovery and damage recovery income.

(25) 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.

During 2021, the primary position of the hedging derivative financial instruments ceased to exist, so it was necessary to take their effects directly to the results of the year.

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, 2021 and 2020, the derivative financial instruments for accounting and economic hedging purposes held by the Group are shown below:

DERIVATIVE INSTRUMENT	NOTIONAL	UNDERLYING ASSET / DECEMBER 31, 2021.	FAIR VALUE DECEMBER 31, 2021	COLLATERAL/LINES OF CREDIT/SECURITIES IN WARRANTY.
Santander interest rate swap at 5.98% fixed rate	300,000	5.71/TIIE 28 days	13,061	Solidarity Obligator
Banorte interest rate swap at 5.98% fixed rate	300,000	5.71/TIIE 28 days	13,304	Solidarity Obligator
HSBC interest rate swap at 5.98% fixed rate	400,000	5.71/TIIE 28 days	17,396	Solidarity Obligator
	1000,000		43,761	

DERIVATIVE INSTRUMENT	NOTIONAL	UNDERLYING ASSET / DECEMBER 31, 2021.	FAIR VALUE DECEMBER 31, 2021
Santander interest rate swap at 8.035% fixed rate	248,437	5.71/ TIIE 28 days	(1,291)
Banorte interest rate swap at 8.035% fixed rate	248,437	5.71/ TIIE 28 days	(1,290)
HSBC interest rate swap at 8.035% fixed rate	248,437	5.71/ TIIE 28 days	(1,282)
	745,311		(3,863)

DERIVATIVE INSTRUMENT	NOTIONAL	UNDERLYING ASSET / DECEMBER 31, 2021.	FAIR VALUE DECEMBER 31, 2021	COLLATERAL/LINES OF CREDIT/SECURITIES IN WARRANTY.
Santander interest rate swap at 8.035% fixed rate	328,125	7.56/ TIIE 28 days	(13,494)	Solidarity Obligator
Banorte interest rate swap at 8.035% fixed rate	328,125	7.56/ TIIE 28 days	(13,454)	Solidarity Obligator
HSBC interest rate swap at 8.035% fixed rate	328,125	7.56/ TIIE 28 days	(13,690)	Solidarity Obligator
	984,375		(40,638)	

	BEGINNING BALANCE 2020	SETTLEMENT CHARGE OF IFD	TOTAL CASH TRANSACTIONS	CHANGE IN FAIR VALUE RECOGNIZED IN ORI	RECLASSIFIED AMOUNT OF THE HEDGE RESERVE TO RESULTS	ENDING BALANCE 2021
Total IFD	(40,638)	(40,832)	(81,470)	84,399	40,832	43,761

	BEGINNING BALANCE 2019	SETTLEMENT CHARGE OF IFD	TOTAL CASH TRANSACTIONS	CHANGE IN FAIR VALUE RECOGNIZED IN ORI	RECLASSIFIED AMOUNT OF THE HEDGE RESERVE TO RESULTS	ENDING BALANCE 2020
Total IFD	(52,213)	(48,209)	(100,422)	(27,147)	86,931	(40,638)

b) Current investments.

		2021	2020
Negotiable Financial Instruments (NFI)			
Equity investments (FVTPL)	$	140,027	126,313
Total negotiable financial instruments	$	140,027	126,313

As of December 31, 2021, the portfolio was composed of four debt and equity investment funds, the operations are contracted and settled through an Investment Fund Operator, an institution that through the monthly statements provide the market price of each of the investment funds, as well as the fair value of the total investment at the end of the month.

As of December 31, 2020, the portfolio consisted of shares of two issuers in the foreign securities market. The operations are contracted and settled through financial institutions, who in addition, through the monthly account statements provide the market price of the shares and the fair value of the investment.

(26) 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.

(27) UTILITY PER SHARE-

Basic earnings per share for the 12-month periods ended December 31, 2021 and 2020, were $1.591 pesos and $1.230 pesos, respectively.

The calculation as of December 31, 2021 was based on profit attributable to the ordinary shareholders in the amount of $849,754 pesos and the weighted average number of ordinary shares in circulation of 534,129,490 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, 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 Group has no ordinary shares with potential dilutive effects.

(28) INFORMATION BY SEGMENTS-

a) *Segmentation bases-*

As of January 1, 2021, the Group analyzes its financial information through three operating segments, which are classified by type of service and due to the similarity of their economic characteristics:

- Mobility of Cargo
- Logistics and Technology, and
- Mobility of personnel.

The cargo mobility segment integrates the services of dedicated cargo transport, consolidated, specialized transport, among others.; while the logistics and technology segment provide storage, parcel, last mile services, among others, and finally the mobility segment of people that integrates the services of transfer of personnel both companies, schools, and tourism, among others.

The prices that are established between inter-segment transactions are determined on the basis of prices comparable to those that would be used with or between independent parties in comparable transactions.

The accounting policies of the operating segments are the same as described.

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.

Therefore, the financial information corresponding to the operating segments as of December 31, 2020 has been prepared under the same bases for comparative purposes

The financial information for each of the operating segments is detailed below:

2021	MOBILITY OF CARGO	LOGISTICS AND TECHNOLOGY	MOBILITY OF PERSONNEL	TOTAL REPORTABLE SEGMENTS
Services revenue:				
External clients	5,478,966	4,515,094	6,341,964	16,336,024
Inter-segment	633,326	90,493	26,628	750,447
	6,112,292	4,605,587	6,368,592	17,086,471
Depreciation and Amortization	645,887	222,508	579,269	1,447,664
Operating income	719,185	216,604	1,150,286	2,086,075
Net income	291,745	101,106	714,736	1,107,587
Total assets	6,273,362	2,201,587	7,697,938	16,442,887
Total liabilities	3,977,170	2,093,464	4,127,624	10,198,258

2020	MOBILITY OF CARGO	LOGISTICS AND TECHNOLOGY	MOBILITY OF PERSONNEL	TOTAL REPORTABLE SEGMENTS
Services income:				
External clients	5,198,318	2,806,134	5,523,433	13,527,885
Inter-segment	281,879	452,979	34,963	769,821
	5,480,197	3,259,113	5,558,396	14,297,706
Depreciation and Amortization	565,807	177,966	541,679	1,285,452
Operating income	773,412	90,465	942,882	1,806,759
Net income	430,519	32,898	317,616	781,032
Total assets	5,661,915	1,836,751	7,259,090	14,757,756
Total liabilities	3,362,499	1,666,520	4,185,029	9,214,048

c) *Conciliation of revenues by operating segment-*

Consolidated net income

	2021	2020
Net profit by reportable segments	1,107,587	781,032
Corporate expenditures, net	(257,833)	(120,012)
Consolidated net income	849,754	661,020

	2021	2020
Assets		
Total assets by operating segments	16,442,887	14,757,756
Corporate assets (mainly goodwill and brands)	5,560,234	6,333,790
Consolidated assets	22,003,121	21,091,546
Liabilities		
Total, liabilities by operating segments	10,198,258	9,214,048
Corporate liabilities	698,867	1,038,103
Consolidated liabilities	10,897,125	10,252,151

Information by geographic area-

2021	MEXICO	UNITED STATES OF AMERICA	TOTAL
Freight (or cargo) revenue	5,338,689	773,603	6,112,292
Logistics revenue	2,962,543	1,643,044	4,605,587
Staff income	6,368,592	-	6,368,592
	14,669,824	2,416,647	17,086,471

2020	MEXICO	UNITED STATES OF AMERICA	TOTAL
Freight (or cargo) revenue	4,962,859	517,338	5,480,197
Logistics revenue	2,365,534	893,579	3,259,113
Staff income	5,558,396	-	5,558,396
	12,886,789	1,410,917	14,297,706

Because most of the Group's operations are carried out in Mexico, non-current assets located outside Mexico are not significant.

d) *Main clients-*

Because the Group provides services to a diverse number of customers, there is no significant dependence on any major customer.

(29) SUBSEQUENT EVENTS-

On March 17, 2022, the Group signed an agreement to acquire Medistik, a 4PL services company that provides logistics solutions for medicines and medical accessories, through a light focus on assets. The transaction is subject to obtaining regulatory approvals which are expected to be obtained soon.

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