

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

Consolidated financial statements

As of December 31, 2023, and 2022

(With Independent Auditors' Report Thereon)

(Translation from Spanish Language Original)



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

Consolidated financial statements

As of December 31, 2023, and 2022

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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 of Mexican pesos)

## Opinion

We have audited the consolidated financial statements of Grupo Traxión, S. A. B. de C. V. and subsidiaries (the Group), which comprise the consolidated statements of financial position as of December 31, 2023 and 2022, the consolidated statements of comprehensive income, changes in stockholders' equity and cash flows for the years then ended, and notes, comprising material 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, 2023 and 2022, and its consolidated results and its consolidated cash flows for the years then ended, in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board (IFRS).

## Basis for Opinion

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

## Key Audit Matters

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



## Impairment test of goodwill and intangible assets (\$6,318,757)

See Note 13 to the consolidated financial statements.

The key audit matter	How the matter was addressed in our audit
<p>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., Redpack, S. A. de C. V., Logística y Transporte para la Industria de la Salud, S. A. P. I. de C. V., V Modal Mexicana, S. C. and BBA Logistics LLC.</p> <p>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.</p> <p>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).</p>	<p>The main procedures we performed to address this key audit issue included the following:</p> <p>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:</p> <ul style="list-style-type: none"> <li>- Compare the long-term growth rates projected by the Group for these CGUs, comparing the growth assumptions with available public information.</li> <li>- 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</li> <li>- 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.</li> </ul> <p>We evaluate the adequacy of the disclosures contained in the notes to the consolidated financial statements</p>



## 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, 2023 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 CARDENAS DOSAL, S. C.

A handwritten signature in blue ink, appearing to read 'Alejandro Lozano Rodríguez', written over the printed name.

Alejandro Lozano Rodríguez  
Mexico City, April 26, 2024.



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

Consolidated statements of financial position

December 31, 2023 and 2022

(In thousands of Mexican pesos)

<b>Assets</b>	<b>Note</b>	<b>2023</b>	<b>2022</b>	<b>Liabilities and stockholders' equity</b>	<b>Note</b>	<b>2023</b>	<b>2022</b>
Current assets:				Current liabilities:			
Cash and cash equivalents	7	\$ 1,379,799	996,222	Current portion of long-term debt	14	\$ 986,991	1,092,316
Equity investments	5(b)	-	128,468	Current portion of long-term debt securities	14	100,000	-
Accounts receivable	8	4,340,114	3,280,313	Current lease liabilities	19	626,952	562,152
Related parties	10	-	1,945	Suppliers	15	1,629,662	1,414,810
Income tax assets		234,166	239,228	Other liabilities		1,326,868	730,024
Other tax assets (mainly VAT)		940,166	672,526	Other taxes	16	923,960	764,988
Other accounts receivable	9	492,173	365,682	Provisions	18	981,306	626,210
Inventories (mainly spare parts)		163,412	112,606	Income taxes		73,859	169,609
Prepayments	11	256,840	258,408	Employee statutory profit sharing	18	87,686	23,492
Current portion of derivative financial instruments	25	31,000	42,375	Related parties	10	-	338
				Advances from customers	8	73,539	38,112
Total current assets		7,837,670	6,097,773	Total current liabilities		6,810,823	5,422,051
Non-current assets:				Non-current liabilities:			
Long-term prepayments	11	159,954	33,600	Long-term debt, excluding current portion	14	6,597,426	6,014,178
Transportation equipment and machinery	12	14,321,811	11,835,104	Long-term debt securities, excluding current portion	14	2,500,000	2,500,000
Right-of-use assets	19	1,386,262	1,327,736	Long-term lease liabilities excluding current portion	19	652,565	660,513
Investment in associated entities	1	179,373	39,525	Long-term other liabilities	27	60,641	-
Goodwill	13	5,291,841	5,140,821	Derivative financial instruments	25	2,549	3,759
Intangible assets	13	2,184,147	2,217,759	Employee benefits	17	119,860	109,894
Guarantee deposits		102,880	86,757	Deferred income taxes	20	1,329,887	1,226,586
Deferred income taxes	20	491,028	294,356				
Long-term derivative financial instruments	25	20,245	30,806	Total non-current liabilities		11,262,928	10,514,930
Total non-current assets		24,137,541	21,006,464	Total liabilities		18,073,751	15,936,981
				Stockholders' equity:			
				Capital stock	21	10,043,319	7,346,035
				Additional paid-in capital		135,944	135,944
				Legal reserve		85,549	82,117
				Actuarial loss	17	(7,285)	(3,471)
				Earnings from derivative financial instruments		33,592	48,100
				Other equity accounts		(184,740)	394,392
				Foreign currency translation effect		(3,031)	1,304
				Retained earnings		3,800,308	3,162,835
				Equity attributable to owners of the Company		13,903,656	11,167,256
				Non-controlling interests		(2,196)	-
				Total stockholders' equity		13,901,460	11,167,256
Total assets		\$ 31,975,211	27,104,237	Total liabilities and equity		\$ 31,975,211	27,104,237

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, 2023 and 2022

(In thousands of Mexican pesos)

	<u>Nota</u>	<u>2023</u>	<u>2022</u>
Freight revenues	4(m)	\$ 7,689,773	7,180,145
Logistic revenues	4(m)	8,115,290	5,724,954
Personnel transportation revenues	4(m)	9,001,573	7,419,944
Total revenue of operation		24,806,636	20,325,043
Total costs	10 y 22	18,989,548	16,063,751
Gross profit		5,817,088	4,261,292
General expenses	10 y 23	3,536,993	2,711,635
Impairment loss on accounts receivable and other accounts receivable		78,938	30,754
Other revenues	24	(109,310)	(165,743)
Operating profit		2,310,467	1,684,646
Finance (cost) income:			
Interest expenses		(1,458,877)	(894,979)
Financial cost of the defined benefit plan		(5,324)	(4,311)
Other financial cost		(34,916)	(29,372)
Net foreign exchange loss		(87,360)	(55,684)
Valuation effect of financial instruments		60,737	8,880
Interest income		74,849	35,201
Net finance costs		(1,450,891)	(940,265)
Profit before income taxes		859,576	744,381
Income tax	20		
Current		265,285	87,327
Deferred		(44,418)	150,990
Total income tax		220,867	238,317
Consolidated net income		638,709	506,064
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss:			
Actuarial (loss) income of the defined benefit plan	17(a)	(5,448)	68
Deferred income tax	17(a)	1,634	(20)
Items that may be subsequently reclassified to profit or loss:			
Exchange differences on translation of foreign operations		(4,335)	1,304
Valuation effect of derivative financial instruments	25 (a)	(20,726)	24,954
Deferred income tax		6,218	(7,487)
Other comprehensive income		(22,657)	18,819
Total comprehensive income		616,052	524,883
Total comprehensive income attributable to :			
Non-controlling interests		(2,196)	-
Owners of the Company		618,248	524,883
Total comprehensive income		616,052	524,883
Basic earnings per share (in mexican pesos)	28	\$ 1.131	0.956

See accompanying notes to consolidated financial statements.



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

Consolidated statements of changes in stockholders' equity

For the years ended December 31, 2023 and 2022

(In thousands of Mexican pesos)

	<u>Note</u>	<u>Capital stock</u>	<u>Additional paid- in capital</u>	<u>Legal reserve</u>	<u>Actuarial loss</u>	<u>Valuation effect from derivative financial instruments</u>	<u>Other equity accounts</u>	<u>Foreing currency traslation effect</u>	<u>Retained earnings</u>	<u>Equity attributable to owners of the Company</u>	<u>Non-controlling interests</u>	<u>Total stockholders' equity</u>
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		11,105,996
Legal reserve	21(b)	-	-	4,584	-	-	-	-	(4,584)	-	-	-
Share based payment	21(d)	(69,455)	-	-	-	-	(7,948)	-	-	(77,403)	-	(77,403)
Repurchase of shares	21(c)	(386,220)	-	-	-	-	-	-	-	(386,220)	-	(386,220)
Net comprehensive income		-	-	-	48	17,467	-	1,304	506,064	524,883	-	524,883
Balances as of December 31, 2022		7,346,035	135,944	82,117	(3,471)	48,100	394,392	1,304	3,162,835	11,167,256	-	11,167,256
Increase in capital stock, less transaction costs from subsequent public offering	21(a)	2,661,178	-	-	-	-	-	-	-	2,661,178	-	2,661,178
Legal reserve	21(b)	-	-	3,432	-	-	-	-	(3,432)	-	-	-
Share based payment	21(d)	47,046	-	-	-	-	(579,132)	-	-	(532,086)	-	(532,086)
Repurchase of shares	21(c)	(10,940)	-	-	-	-	-	-	-	(10,940)	-	(10,940)
Net comprehensive income		-	-	-	(3,814)	(14,508)	-	(4,335)	640,905	618,248	(2,196)	616,052
Balances as of December 31, 2023		\$ 10,043,319	135,944	85,549	(7,285)	33,592	(184,740)	(3,031)	3,800,308	13,903,656	(2,196)	13,901,460

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, 2023 and 2022

(In thousands of Mexican pesos)

	<u>Note</u>	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:			
Consolidated net income		\$ 638,709	506,064
Adjustments for:			
Income tax expense	20 (c)	220,867	238,317
Depreciation and amortization	22 y 23	2,238,855	1,914,493
Impairment of accounts receivable and other accounts receivable	6	78,938	30,754
Loss (gain) on sale of transportation equipment and machinery	24	27,438	(40,283)
Financial cost of defined benefit plan	17 (a)	5,324	4,311
Interest income		(74,849)	(35,201)
Unrealized foreign exchange (gain) loss		(47,538)	1,649
Income on valuation of financial instruments		(60,738)	(8,880)
Interest expense and other finance cost		<u>1,493,792</u>	<u>924,351</u>
Subtotal		4,520,798	3,535,575
Change in:			
Accounts receivable		(1,090,178)	(234,352)
Accounts receivable from related parties		1,945	329
Other accounts receivable		(123,859)	65,593
Income tax assets		(262,578)	(157,355)
Inventories		(50,806)	9,460
Prepayments		(175,899)	(66,173)
Income tax paid		(183,568)	(50,052)
Suppliers		181,124	5,835
Other liabilities		(8,490)	177,751
Other taxes		158,978	189,819
Provisions		355,097	(8,470)
Accounts payable to related parties		(338)	(399)
Employee benefits		(806)	4,130
Advances from customers		35,427	(5,809)
Employee statutory profit sharing		<u>64,194</u>	<u>(63,619)</u>
Net cash from operating activities		3,421,041	3,402,263
Cash flows from investing activities:			
Acquisition of transportation equipment and machinery		(3,434,035)	(3,390,143)
Advanced payments for acquisition of transportation equipment		(126,354)	(26,220)
Proceeds from sale of transportation equipment and machinery		243,729	84,055
Intangible assets		(43,650)	-
Acquisition of subsidiary, net of cash acquired	27	(61,291)	(1,633,487)
Guarantee deposits		(16,123)	(4,616)
Other payments to acquire equity instruments of other entities		(139,848)	(36,508)
Proceeds from sale of equity instruments of other entities		136,407	6,480
Interest received		<u>74,849</u>	<u>35,201</u>
Net cash used in investing activities		<u>(3,366,316)</u>	<u>(4,965,238)</u>
Surplus cash to be applied (to be obtained) in financing activities		54,725	(1,562,975)
Cash flows from financing activities:			
Repurchase of shares		(543,026)	(463,623)
Payments of bank loans	14	(4,394,506)	(475,907)
Increase in capital stock		2,757,091	-
Transaction costs from subsequent public offering		(137,019)	-
Lease payments	19	(974,991)	(692,875)
Settlement of derivative financial instruments		-	(3,863)
Proceeds from derivative financial instruments		52,798	13,959
Proceeds from bank loans	14	4,992,352	3,706,766
Interest paid (1)		<u>(1,420,307)</u>	<u>(858,666)</u>
Net cash used in financing activities		<u>332,392</u>	<u>1,225,791</u>
Net increase (decrease) in cash and cash equivalents		387,117	(337,184)
Cash and cash equivalents at beginning of year		996,222	1,335,055
Effect of movements in exchange rates on cash held		<u>(3,540)</u>	<u>(1,649)</u>
Cash and cash equivalents at end of year		\$ <u>1,379,799</u>	<u>996,222</u>

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

See accompanying notes to consolidated financial statements.



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

### Notes to the consolidated financial statements

(Thousands of pesos)

For the years ended December 31, 2023 and 2022

(Thousands of pesos)

#### (1) Reporting Entity-

The consolidated financial statements of Grupo Traxión S. A. B. de C. V., includes the financial information of the holding entity Grupo Traxión, S. A. B. de C. V. ("Traxión") and the subsidiaries (Grupo Traxión" or the "Group") indicated later in this note.

Grupo Traxión was incorporated in Mexico on July 27, 2011, under the legal name of "Fondo de Transporte México, S. A. P. I. de C. V.". On September 14, 2017, a change in legal name was approved to "Grupo Traxión, S. A. B. de C. V."

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

The main activities of Traxión are: to participate as a partner, shareholder, or investor in all kinds of corporations, national 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 rendering public cargo service, transportation of furniture, storage, refrigerated cargo services and transportation of goods, specialized cargo, courier and parcel services, services logistics and transport services for school, personal and tourist in Mexico.

No entity or individuals have control over the Group.

#### *Entities of the Group-*

The subsidiaries over which the Group has direct or indirect control through its subsidiaries, the ownership interest and the main activities of the subsidiaries are as follows:

	2023	2022	Main activity
Potencia Logística Potosina, S. A. P. I. de C. V.(iv)	100	100	Holding company of the mobility of cargo segment.
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
Transportadora Egoba, S. A. de C. V.	100	100	Cargo transport
Transportes Suvi, S. A. de C. V.	100	100	Cargo transport
Tractocamiones Europeos, S. A. de C. V.	100	100	Tracto maintenance
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
Autotransportes el Bisonte, S. A. de C. V.	100	100	Specialized refrigerated cargo transport
Cargo y Transfer Services, S. A. de C. V. (i)	100	-	General, refrigerated, and/or specialized cargo transportation for cross-border and customs procedures.
Transfer Services TRX, S. A. de C. V. (i)	100	-	General, refrigerated, and/or specialized cargo transportation for cross-border and customs procedures..
Transferpack Logistics, S. A. de C. V. (ii)	100	-	General, refrigerated, and/or specialized cargo transportation for cross-border and customs procedures.



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

### Notes to the consolidated financial statements

(Thousands of pesos)

	<b>2023</b>	<b>2022</b>	<b>Main activity</b>
Traxión Logistics, S. A. de C. V.	100	100	Holding company of the logistics and technology segment and provider of national and international logistics services.
Almacenaje y Distribución Avior, S. A. de C. V.	100	100	Storage services
Traxión Solutions, S. A. de C. V.	100	100	Storage services
Traxión Solutions U.S. A. LLC.	100	-	Storage services
Redpack, S. A. de C. V.	100	100	Courier and parcel services
Redpack U.S. A. Inc.	100	100	Courier and parcel services
Traxión Technologies, S. A. de C. V.	88.75	90	Intermediation services through means and technological platforms.
Traxion Logistics, USA	100	100	Intermediation services through means and technological platforms.
Trx Ride On S. A. de C. V.	100	100	Establish, organize and manage a private transportation club.
BBA Logistics, LLC (iii)	100	-	Cargo brokerage with door-to-door and cross-border services in the United States.
Logística y Transporte para la Industria de la Salud, S. A. P. I. de C. V.(v)	100	100	It provides storage, import, export, labeling, assembly and distribution services for all kinds of goods, especially medical items.
MD Transporte y Logística, S. A. de C. V. (v)	100	100	Provision of storage, labeling, assembly and distribution personnel services for all kinds of goods and especially medical items to their related parties.
MD Servicios y Logística, S. A. de C. V. (v)	100	100	Provision of storage, labeling, assembly and distribution personnel services for all kinds of goods and especially medical items to their related parties.



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

Notes to the consolidated financial statements

(Thousands of pesos)

	2023	2022	Main activity
Healink, S. A. de C. V. (v)	100	100	Manage and operate online pharmacies, specialized in the supply of high-value treatments for chronic conditions, as well as the sale, distribution and delivery of all types of medicines and medical equipment.
V- Modal Mexicana, S. C. (vi)	90	90	Provision of logistics coordination and transportation services, mainly rail.
Corporación Lipu, S. A. P. I. de C. V.	100	100	Holding company of the mobility of personnel segment and provider of bus leasing services.
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	Holding company.
Grupo Settepi, S. A. P. I. de C. V.	100	100	Personnel transport
M&A Traxión, S. A. P. I. de C. V.	100	100	Personnel services
Excelencia en Transporte Escolar y 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
Servicios Corporativos FTM, S. C.	100	100	Provision of services
Prosperity Factor, S. A. de C. V. SOFOM, E.N.R	100	100	Financial services
Comercializadora Traxión, S. A. de C. V.	100	100	Administrative services
Prediamas, S. A. de C. V. SOFOM, E. N. R.	100	100	Financial services.
Fundación Traxión, A. C.	100	100	A non-profit association, with assistance activities to people and / or groups of limited resources, Indigenous communities, and vulnerable groups.



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

### Notes to the consolidated financial statements

(Thousands of pesos)

During 2023, the following transactions occurred:

- I. On April 26, 2023, the companies Cargo y Transfer Services, S. A. de C. V. and Transfer Services TRX, S. A. de C. V. were incorporated. The purpose of these companies is to provide general, refrigerated, and/or specialized cargo services for cross-border transportation and to carry out the applicable customs procedures.
- II. On November 27, 2023, the company Transferpack Logistics, S. A. de C. V. was incorporated. The purpose of this company is to provide general, refrigerated, and/or specialized cargo services for cross-border transportation and to carry out the applicable customs procedures.
- III. On June 19, 2023, the acquisition of BBA Logistics, LLC. was completed. BBA Logistics, LLC. is a cargo brokerage company offering door-to-door and cross-border services in the United States.

During 2022, the following transactions occurred:

- IV. On February 1, 2022, a merger was carried out between the entities Grupo Mudancero, S.A. de C.V. and Potencia Logística Potosina, S.A.P.I. de C.V., subsisting the last as the merging entity.
- V. On August 24, 2022, the 100% of shares of Logística y Transporte para la industria de la Salud, S.A.P.I. de C.V. and subsidiaries, hereinafter "Medistik", was acquired. This transaction was carried out through Traxión Logistics, S.A. de C.V. (see note 27(b)).
- VI. On September 19, 2022, the Group completed the acquisition of 90% of V-Modal Mexicana, S.C., hereinafter "V-Modal", this the acquisition was carried out through Traxión Logistics, S.A. de C.V. (see note 27(c)).

All the foregoing entities have their main place of business in Mexico except AFN Logistics, LTD., Redpack U.S.A.INC., Traxion Logistics USA, LLC, Traxión Solutions, USA, LLC y BBA Logistics, LLC. which activities are in the United States of America.

#### *Investment in associated entities-*

Investments in associates are accounted for under the equity method. An associate is an entity over which the Group has significant influence, but not control or joint control, over the financial and operating policies. These investments are initially recognized at cost and subsequently adjusted to recognize the Group's share of the changes in the net assets of the associate from the acquisition date.

The Group maintains an investment in an entity whose main activity is raising funds for subsequent investment in companies within the sector.

## **(2) Relevant events-**

During 2023, the following relevant events occurred:

### **a) Cancellation of shares-**

On April 28, 2023, at a shareholders' meeting, the cancellation of 35,000,000 of the Company's own series "A" Class I ordinary nominative shares, without par value, which were held in treasury, was recorded. (see note 21).

### **b) Credit agreement-**

On March 23, 2023, the Group signed a credit line agreement with a syndicate of banks, for a total amount of up to \$6,000,000,



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

### Notes to the consolidated financial statements

(Thousands of pesos)

of which only \$4,400,000 can be immediately and unreservedly drawn. The main objective of this credit line is to refinance and prepay the balance of the current syndicated loan at the end of March 2023, in addition to strengthening the Group's financing strategy.

The credit consists of a long-term simple credit line of \$5,500,000, with increasing amortizations and maturity in 2028, and a TIIE rate plus a margin between 175 and 215 basis points, which represents 50 basis points less on average than the previous credit. Additionally, it includes a revolving credit line of \$500,000 with maturity in 2026 and a TIIE rate plus a margin of 180 basis points; both components of the credit are unsecured.

#### **c) Business acquisition-**

On June 19, 2023, the acquisition of BBA Logistics was completed. BBA Logistics is a cargo brokerage company with door-to-door and cross-border services in the United States and has a 100% asset-light model (see note 27(a)).

#### **d) Subsequent Public Offering-**

On August 11, 2023, the pricing and sale of a total of 143,306,920 shares representing Traxion's capital stock was carried out at a price of \$30.00 (Mexican pesos) per share, of which 84,719,775 shares were placed in the primary portion and 58,587,145 shares in the secondary portion. The offering consisted of a mixed public offering in Mexico and a simultaneous international offering of shares to qualified institutional investors.

On September 4, 2023, the overallotment option was exercised for 9,314,753 shares at the offering price of \$30.00 (Mexican pesos) per share.

During 2022, the following relevant events occurred:

#### **e) Business acquisition-**

- I. On March 17, 2022, the Group signed an agreement to acquire Medistik, a 4PL services company (logistics consulting, planning, management, localization, and integration of new technologies, acting as supply chain supervisor) that provides logistics solutions for medicines and medical accessories, through an asset-light approach. On August 24, 2022, the acquisition of Medistik was completed. Through this acquisition, Grupo Traxión enters into pharmaceutical logistics and incorporates them to its 4PL and last mile logistics services (see note 27 (b)).
- II. On September 19, 2022, Grupo Traxión acquired V-Modal, a railway logistics services company, through a 100% assets-light approach. Through this acquisition, Traxión strengthens its participation in the railway segment, which represents an element in supply chains and a complement to the Group service portfolio. (See note 27(c)).

### **(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 26, 2024, 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 Grupo Traxión's bylaws, the stockholders have the right to modify the consolidated financial statements after their 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.





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

### **Notes to the consolidated financial statements**

(Thousands of pesos)

#### **b) Basis of measurement-**

The consolidated financial statements have been prepared applying the same accounting policies, valuation criteria and on historical cost basis, except for assets and liabilities arising from a business acquisition, equity investments, derivative financial instruments which are measured at their fair value and the present value of defined benefit obligation.

#### **c) Functional and reporting currency**

The accompanying consolidated financial statements are presented in thousands of Mexican pesos. Mexican peso is both the reporting and functional currency.

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

### **B. Assumptions and estimation uncertainties**

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

- Note 4(d)(iii) - useful lives of transportation equipment and machinery.
- Note 4(h)(i) - measurement of expected credit loss for accounts receivable 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(o) - recognition of deferred tax assets: availability of future taxable profit against which deductible temporary differences and tax losses carried forward can be utilized.
- Note 4 (t) - determination of discount rates base from determination of right of use assets and liabilities.
- Note 4(r) – contingencies.
- Note 27 – business acquisitions, fair value of consideration transferred, and assets acquired, and liabilities assumed.



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

### Notes to the consolidated financial statements

(Thousands of pesos)

#### 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.

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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.

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 Group 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(e) - share-based payment arrangements;
- Note 5(d) - financial instruments; and
- Note 5(f) – business acquisition.

#### e) *Statement of comprehensive income presentation*

The Group elected to present comprehensive income in a single statement that includes all the items that comprise net income and other comprehensive income, named "Consolidated Statement of Comprehensive Income"

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

Additionally, "Gross profit" line item is included, which results from subtracting the cost of sales from total revenue of operation as this line item is considered to provide a better understanding of the Group's economic and financial performance.

Likewise, "Operating profit" line item is presented, which results from subtracting operating expenses from the gross profit, considering that this item contributes to a better understanding of the Group's economic and financial performance.



**f) Cash flow statement-**

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

**(4) Summary of significant accounting policies-**

The accounting policies set out below have been 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 its 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 acquisitions*

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 transferred and liabilities assumed by the Group.

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 measured 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-*

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.



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

### Notes to the consolidated financial statements

(Thousands of pesos)

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 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 profit or loss. The classification of financial assets under the International Financial Reporting Standard 9 "Financial Instruments" 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 profit or loss:

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



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

### Notes to the consolidated financial statements

(Thousands of pesos)

- 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 assets.

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-*



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### Notes to the consolidated financial statements

(Thousands of pesos)

<b>Financial assets at fair value with changes in results</b>	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss. However, see note 25 in the case of instruments designated as hedging instruments.
<b>Financial assets at amortized cost</b>	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.

(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 profit or loss. 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.



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### Notes to the consolidated financial statements

(Thousands of pesos)

#### *(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 Equilibrium Interbank Interest Rate (TIIE, for its acronym in Spanish) (reference rate in Mexico) 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.



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### **Notes to the consolidated financial statements**

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For all other hedges 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, transportation equipment and machinery are recognized at cost. Cost includes expenditures that are directly attributable to the acquisition of the asset.

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

When parts of 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 subject to depreciation, which corresponds to the cost of an asset, less its residual value.





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(Thousands of pesos)

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 main classes of assets 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%
• Storage equipment	10%
• Office furniture and equipment	10%
• Tracking equipment	10% to 50%
• Safety equipment	10%

Leasehold improvements are amortized during the useful life of the improvement or the related lease term, 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 45% to 65% of the acquisition cost for most of these assets, depending on the use of assets and the reported historical disposal (sale) value.

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

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

#### **(e) Intangible assets-**

Intangible assets with defined useful lives mainly include customer relationship acquired in a business acquisition, recognized 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 and 24 years, which was determined based on the historical facts of the permanence that the clients have with the Group. Licenses and software are also included, which are recognized at their acquisition or development cost and are amortized on a straight-line basis over their estimated useful lives of 3 to 5 years.

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

#### **(f) Goodwill-**

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

#### **(g) Inventory and cost of sales-**

Inventories are measured at the lower of cost or net realizable value. Inventories are mainly represented by fuel, lubricants, and spare parts.

To allocate of the unit cost of inventories, the average cost formula is used.



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(Thousands of pesos)

The Group recognizes estimates to recognize decreases in the value of its inventories due to obsolescence, slow movement and other causes that indicate that cost recognized is lower than the net realizable 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 loss allowances at 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.

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

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

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

The Group considers a financial asset 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 lifetime 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.



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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 allowance for expected credit losses in the statement of financial position**

Loss allowances 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 income, the loss allowance 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, are 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 acquisition 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.



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

#### **(ii) Termination Benefits-**

Termination benefits are expensed at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the Group recognizes costs for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits.

#### **(iii) Short-Term Employee Benefits-**

Obligations for short-term employee benefits are measured 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 for present obligations that arise from past events and when the Group expects a cash outflow to settle the obligation and there is uncertainty in their amount or timing of payment.

#### **(k) Stockholders' equity-**

The stockholders' equity is composed of series A class I ordinary and nominative shares, with no par value expressed, including treasury shares. The other equity accounts represent the amounts corresponding to the share-based payment recognized during the period.

#### **(l) Foreign currency translation-**

It represents the difference resulting from translating foreign operations from their functional currency to the reporting currency.

#### **(m) 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 Management 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.

Advances from customers are mainly deposits made by customers for future services and therefore a future obligation, the initial balance of the advances from customers is recognized as income in full during the current period.



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Type of service	Nature and timing of satisfaction of performance 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

#### **(n) Finance income and costs -**

Finance income includes interest income on invested funds and highly liquid bank deposits and foreign exchange gains. 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, foreign exchange losses, valuation effect of financial instruments and financial cost of the defined benefit plan.

#### **(o) Income tax-**

Current tax and deferred tax are recognized in the statement of comprehensive income, except when it relates to a business acquisition 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 neither accounting nor taxable profit or loss, and differences related to investments in subsidiaries and associates as long as the Group is able to control the timing of reversal and it is probable that they will not reverse in the foreseeable future.



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Deferred taxes are measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on 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 the realization of the related tax benefit is no longer probable.

#### **(p) Prepayments-**

Include mainly insurance payments, 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.

#### **(q) Government incentives-**

Derived from the main activity of the Group, it has the right to receive subsidies, mainly related to 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 in total costs line item in the income statement.

#### **(r) Contingencies-**

Liabilities or significant losses related to contingencies are recognized 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 virtual certainty that they will be realized.

#### **(s) Share-based payment**

The Group has granted benefits to key executive management personnel, settled through share-based payments, subject to certain performance conditions. The fair value of the share-based payments at the grant date is recognized as an expense within the concept of labor cost, with the corresponding application in equity, over the vesting period (3 years). The grant date is the date on which Traxion and the employee enter into the share-based payment agreement and establish the terms and conditions of the agreement. The details of this plan are mentioned in note 21(d).

#### **(t) Basic earnings per share-**

The Group presents information about basic earnings related to its ordinary shares. Basic earnings per share are 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.

#### **(u) 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 include 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.

#### **(v) 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



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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.

#### i. 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 by 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 (by IAS 16) and accumulated impairment losses (in accordance with IAS 36 and adjusted for certain lease liability remeasurement).

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

##### i.3) *Contracts modifications.*

A change in the scope of a lease, or consideration for a lease, which 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.



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#### 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.

#### **(w) New currently effective requirements not adopted-**

New current requirements in the annual periods that began on January 1, 2023:

- Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
- Disclosure of Accounting Policies (Amendments to IAS 1)
- Definition of Accounting Estimates (Amendments to IAS 8)
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)
- Insurance Contracts (IFRS 17)

As of December 31, 2023, the new current requirements do not have a significant impact on the Group's financial statements.

Effective date January 1, 2024:

- Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)
- Supplier Finance Arrangements (Amendments to IFRS 7)
- Non-current Liabilities with Covenants (Amendments to IAS 1)

Effective date January 1, 2025:

- The Effects of Changes in Foreign Exchange Rates / Lack of exchangeability (Amendments to IAS 21)

"IFRS 18 'Presentation and Disclosure in Financial Statements' is mandatory from January 1, 2027. IFRS 18 will change the way the statement of comprehensive income is presented and will disclose additional information in the notes to the financial statements, including the disclosure of management performance measures that could form part of the financial statements. The Company is in the process of evaluating the possible impacts derived from IFRS 18."

As of December 31, 2023, the Company has not early adopted these standards and the effect of their adoption has not been quantified.





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#### **(5) Determination of fair values-**

The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between a market participant at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

Some of the Group'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 there is no quoted price in an active market, then 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, then the Group measures long-term assets and positions at a buyer price and liabilities and short positions at a seller price.

##### **a) Demand deposits-**

The fair value of demand 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 financial assets at fair value through profit or loss (FVTPL).

##### **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 a market interest rate that includes an adjustment for the credit risk of the entity assuming the obligation represented by the financial liability.



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#### **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

#### **f) *Assets acquired in business acquisitions-***

The fair value of an intangible asset related to customers was determined through the "multi-period excess earnings" method, which consists of demanding a return for each of the tangible and intangible assets that contribute to the generation of income from the intangible asset, subject to valuation.

To estimate the fair value of the brand, the "relief from royalty" methodology was used, which considers market royalties comparable to the operation of acquired businesses.

For property and equipment, the fair value was determined based on quotes considering the price at which the asset would be purchased.

### **(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 of 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.



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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, 2023 and 2022.

#### 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.

Management has implemented a credit policy under which each customer is analyzed individually. The Group's review includes external ratings, when available, and in some cases, bank references.

When monitoring customer credit risk, customers are grouped according to their credit characteristics, including geographic location, industry, aging, and other factors.

#### Impairment losses-

The following table shows the classification of accounts receivable from customers, based on their aging at the date of the statement of financial position:

		2023		2022	
		Gross	Impairment	Gross	Impairment
Current	\$	2,467,532	(15,956)	2,050,448	(6,503)
Past due from 0 to 90 days		1,580,070	(10,217)	1,128,628	(3,580)
Past due from 91 to 120 days		20,309	(131)	67,187	(213)
Past due over 121 days		398,150	(99,643)	118,081	(73,735)
	\$	<b>4,466,061</b>	<b>(125,947)</b>	<b>3,364,344</b>	<b>(84,031)</b>

The Group determined expected credit losses by 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 0.000157% to 8.7602% for accounts receivable and 100 % for unrecoverable accounts receivable.

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



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**a) Accounts receivable:**

		2023	2022
Balance at the beginning of the year	\$	84,031	81,250
Increases		71,132	28,467
Amounts written of		(29,216)	(25,686)
<b>Balance at the end of the year</b>	<b>\$</b>	<b>125,947</b>	<b>84,031</b>

**b) Other accounts receivable:**

		2023	2022
Balance at the beginning of the year	\$	39,616	37,329
Increases		7,806	2,287
Amounts written of		(38,656)	-
<b>Balance at the end of the year</b>	<b>\$</b>	<b>8,766</b>	<b>39,616</b>

**Investments-**

The Group mitigates its exposure to credit risk by investing solely in liquid securities from solid financial institutions, as such, it does not anticipate that any counterparty will default on its obligations. The Group's primary investments are in investment companies, which may include debt and variable income instruments (stock market) as part of their portfolio.

**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, as well as an exchange rate hedge, to cover the risks of a lease entered in foreign currency, by one of its subsidiaries, such instruments have been formally recognized as hedges from the beginning of their contracting. Subsequent measurements are recognized at fair value, and their changes are recognized in other comprehensive income. Derivative financial instruments are contracted with counterparties that are rated baa2 according to the rating agency Moody's. The maximum exposure to credit risk for derivative financial instruments amounts to \$51,245.

As of December 31, 2023, the maximum credit risk exposure related to derivative financial instruments is \$51,245, which represents the valuation of the hedging swaps with a current notional amount of \$870,000. These swaps are recognized as an asset for the Group. Additionally, there is a liability of \$2,549 corresponding to the valuation of forward instruments with a current notional amount of \$7,349.

**Liquidity risk-**

Liquidity risk represents the possibility that the Group may have difficulties to fulfill its obligations related to its financial liabilities that are settled through cash or another financial asset. The approach to manage liquidity is to ensure, to the extent possible, that there will be enough liquidity to settle its liabilities on maturity.

The Group has a budget control based on cost centers and activities, which helps to 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.



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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:

<b>2023</b>		<b>Carrying amount</b>	<b>Total cash flows</b>	<b>0-12 months</b>	<b>1 to 2 years</b>	<b>More than 3 years</b>
Debt	\$	7,584,417	10,036,700	1,945,227	2,512,859	5,578,614
Debt securities		2,600,000	3,519,731	338,748	226,994	2,953,989
Lease liabilities		1,279,517	1,473,005	676,286	341,302	455,417
Suppliers and provisions		2,610,968	2,610,969	2,610,969	-	-
Other liabilities		1,326,868	1,326,868	1,326,868	-	-
long-term other liabilities		60,641	60,641	60,641	-	-
	\$	<b>15,462,411</b>	<b>19,027,914</b>	<b>6,958,739</b>	<b>3,081,155</b>	<b>8,988,020</b>

		<b>Carrying amount</b>	<b>Total cash flows</b>	<b>0-12 months</b>	<b>1 to 2 years</b>	<b>More than 3 years</b>
<b>2023</b>						
<b>Derivative financial liabilities</b>						
Foreing exchange forward contracts deseignated for hedgin purposes:	\$	2,549	-	-	-	-
- Outflows (MXN)		-	(10,004)	(10,004)	-	-
- Inflows (thousand of USD).		-	435	435	-	-

<b>2022</b>		<b>Carrying amount</b>	<b>Total cash flows</b>	<b>0-12 months</b>	<b>1 to 2 years</b>	<b>More than 3 years</b>
Debt	\$	7,106,494	8,808,724	1,910,765	2,239,986	4,657,973
Debt securities		2,500,000	3,634,972	226,994	226,994	3,180,984
Lease liabilities		1,222,665	1,419,617	634,110	387,923	397,584
Suppliers and provisions		2,041,020	2,041,020	2,041,020	-	-
Other liabilities		730,024	730,024	730,024	-	-
Related parties		338	338	338	-	-
	\$	<b>13,600,541</b>	<b>16,634,695</b>	<b>5,543,251</b>	<b>2,854,903</b>	<b>8,236,541</b>

<b>2022</b>		<b>Carrying amount</b>	<b>Total cash flows</b>	<b>0-12 months</b>	<b>1 to 2 years</b>	<b>More than 3 years</b>
<b>Derivative financial liabilities</b>						
Foreing exchange forward contracts deseignated for hedgin purposes:	\$	3,759	-	-	-	-
- Outflows (MXN)		-	(45,533)	(35,529)	(10,004)	-
- Inflows (thousand of USD).		-	2,043	1,608	435	-



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#### **Market risk-**

Market risk is the risk generated by changes in market prices, such as exchange rates and interest rates, which may affect the Group's net 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 measured according to the guidelines established by the risk management committee. The group generally seeks to apply hedge accounting to mitigate volatility in profit or loss.

#### **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 (IBORs) 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 2023 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.

During 2023, in reference to the adoption of the Funding TIIE, the following actions have been carried out within the framework of the GTTR (Transition Rates Task Force):

- Commenced operations in the OIS (Overnight Indexed Swap) market for contracts referenced to the Funding TIIE (Contracts through clearing houses).
- Developed, in conjunction with the GTTR, the "Funding TIIE First" initiative, which seeks to prioritize new operations referenced to the Funding TIIE. The actions of this initiative would include:
  - Promoting the valuation of derivatives using the Funding TIIE.
  - Encouraging participants to increase liquidity in the derivatives market linked to the Funding TIIE (swaps, cross-currency swaps).
  - Encouraging participants in other financial markets to migrate to the Funding TIIE.
  - Promoting conventions in the standardized derivatives market to operate with the Funding TIIE.
  - Promoting the creation of an OIS market linked to the Funding TIIE.



**Type of financial instrument**

The exposure of the Group to these changes as of December 31, 2023 is presented below:

Reference rate		Notional
TIEE28	Syndicated credit	\$ 2,328,000
TIEE28	Simple credits	2,968,708
TIEE28	Current portion of long-term debt securities	100,000
TIEE28	Revolving credits	100,000
Reference rate	Type of financial instrument	Notional
TIEE28	SWAPs	870,000

**Risks in the price of diesel-**

Effective on January 1, 2017, 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, 2023 and 2022.

The accumulative average public price of diesel in the twelve-month period ended December 31, 2023, was \$23.35 pesos per liter. The Group carries out a sensitivity analysis based on the changes that the price of diesel could have 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, 2023, could decrease or increase the gains or losses of the period, respectively by \$213,496.

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 amount of the incentive of creditable Special Tax on Production and Services ("IEPS", for its acronym in Spanish) could generate a direct impact on the cost of fuel and on the profitability of the Group.

The price of diesel could fluctuate due to changes in diesel production by oil-producing countries, market forces, increased international tensions, or unforeseen geopolitical events.

**Other market price risk-**

Major investments within the portfolio are managed individually and all purchase decisions and sales are approved by the management of the Group. The Group only invests in liquid funds with high credit ratings.

**Currency risk-**

**Exposure to currency risk –**

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.



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(Thousands of pesos)

Group's exposure to currency risks, based on amounts in thousands of dollars, is shown below:

		<b>2023</b>	<b>2022</b>
Assets	\$	35,760	39,828
Liabilities		(19,359)	(25,054)
<b>Net long position</b>	<b>\$</b>	<b>16,401</b>	<b>14,774</b>
Foreign exchange forward contracts	\$	435	2,043
<b>Net exposure</b>	<b>\$</b>	<b>16,836</b>	<b>16,817</b>

The following exchange rates, at the closing and average exchange rates, have been applied in the preparation of these consolidated financial statements:

		<b>Average for</b>	
		<b>2023</b>	<b>2022</b>
US dollar	\$	17.75	20.63

  

		<b>For the year</b>	
		<b>2023</b>	<b>2022</b>
US dollar	\$	16.89	19.36

*Sensitivity analysis-*

A strengthening of the dollar against the 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.

		<b>For the year</b>	
		<b>2023</b>	<b>2022</b>
Dollar (10%, variation)	\$	27,706	28,604

The weakening of the US dollar against the Mexican peso on December 31, 2023, and 2022 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.





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(Thousands of pesos)

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*Sensitivity analysis of exchange rate forwards-*

A strengthening of the dollar against the peso would have increased the principal and the amounts shown below. The analysis assumes that all other variables remain constant.

		For the year	
		2023	2022
Exchange rate forwards (10% variation)	\$	735	3,569

A weakening of the U.S. dollar against the Mexican peso as of December 31, 2023, and 2022 would have had the opposite effect on the aforementioned currencies, in the amount shown, assuming all 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 as of December 31, 2023, and 2022 is derived, primarily, from a syndicated loan for \$2,328,000 and \$2,450,000, respectively, and other loans with balance of \$3,168,708 and \$2,462,963, in which cash flows of the interest payable are referenced to TIIE rate plus a margin. The Group contracted derivative financial instruments, specifically interest rate swaps, some of which have been designated and documented as cash flow hedge instruments with a notional for \$870,000 as of December 31, 2023, to mitigate variable rate risk. The Group applies a coverage ratio of 1:1.

All coverage relationships designated as of December 31, 2023, and 2022 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, 2023 and 2022 of the interest-accruing financial instruments, were as follows:

		2023	2022
Fixed rate:			
Financial liabilities	\$	4,858,697	5,023,027
Derivative financial instruments (swaps)		870,000	980,000
	\$	<b>5,728,697</b>	<b>6,003,027</b>



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

### Notes to the consolidated financial statements

(Thousands of pesos)

		2023	2022
Variable rate::			
Financial liabilities	\$	5,496,708	4,912,963
Derivative financial instruments (swaps)		(870,000)	(980,000)
	\$	<b>4,626,708</b>	<b>3,932,963</b>

The Group is exposed to 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 for fixed-rate instruments*

The Group does not recognize fixed-rate financial assets and liabilities at fair value through profit or loss, nor does it designate derivatives (interest rate swaps) as hedging instruments under a fair value hedge accounting model. Consequently, a change in interest rates at the reporting date would not impact profit or loss.

#### *Sensitivity analysis on cash flows for variable-rate instruments*

An increase or decrease in the interest rate, assuming that the other variable rates remain constant, at the end of the year, could affect the valuation of the derivative financial instruments and debt at variable rate, and their corresponding effects on Stockholders' equity and other comprehensive income as follows:

		2023	2022
Variable interest rate (TIIE+ 50 basis points)	\$	11,559	7,873
Interest rate on swaps (TIIE + 50 basis points)		6,105	7,990

A decrease in the interest rate as of December 31, 2023 and 2022 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 equity and profit or loss.

#### *Equity investment sensitivity analysis (FVTPL)*

An increase or decrease in the price of shares assuming that the other variables remain constant, at the end of the year could affect the valuation of the financial instruments affecting assets and profit or loss as shown in the following table.

		2023	2022
Sensitivity VaR	\$	-	(2,933)

As of December 31, 2022, 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, 2023, the Group no longer holds such instruments.

#### *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



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The tables do not include information for financial assets and liabilities not measured at fair value if the carrying amount is similar to their fair value.

2023								
Carrying amount				Fair value				
Interest rate swaps designated as hedge accounting								
Fair value	Cash and accounts receivable		Total	Level 1	Level 2	Level 3	Total	
<b>Financial assets at fair value:</b>								
Derivative financial Instruments	\$ -	-	51,245	51,245	-	51,245	-	51,245
	\$ -	-	51,245	51,245	-	51,245	-	51,245
<b>Financial assets not measured at fair value:</b>								
Cash and cash equivalents	\$ -	1,379,799	-	1,379,799	-	-	-	-
Accounts receivable,	-	4,340,114	-	4,340,114	-	-	-	-
Other accounts receivable,	-	492,173	-	492,173	-	-	-	-
	\$ -	6,212,086	-	6,212,086	-	-	-	-

2023								
Carrying amount				Fair value				
Exchange rate forwards designated as hedge accounting								
Fair value	Other financial liabilities		Total	Level 1	Level 2	Level 3	Total	
<b>Financial liabilities not measured at fair value:</b>								
Long-term debt	\$ -	10,184,417	-	10,184,417	-	11,151,047	-	11,151,047
Lease liabilities	-	1,279,517	-	1,279,517	-	-	-	-
Suppliers and provisions	-	2,610,968	-	2,610,968	-	-	-	-
Other liabilities	-	1,326,868	-	1,326,868	-	-	-	-
Long-term other liabilities	-	60,641	-	60,641	-	-	-	-
	\$ -	15,462,411	-	15,462,411	-	11,151,047	-	11,151,047
<b>Financial liabilities at fair value:</b>								
Derivative financial instruments	\$ -	-	2,549	2,549	-	2,549	-	2,549
	\$ -	-	2,549	2,549	-	2,549	-	2,549



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(Thousands of pesos)

		2022						
		Carrying amount			Fair value			
		Cash and accounts receivable	Interest rate swaps designated as hedge accounting	Total	Level 1	Level 2	Level 3	Total
	Fair value							
<b>Financial assets at fair value:</b>								
Equity investments VRCA	128,468	-	-	128,468	-	128,468	-	128,468
Derivative financial Instruments	\$ -	-	73,181	73,181	-	73,181	-	73,181
	\$ 128,468	-	73,181	201,649	-	201,649	-	201,649

		2022						
		Carrying amount			Fair value			
		Cash and accounts receivable	Interest rate swaps designated as hedge accounting	Total	Level 1	Level 2	Level 3	Total
	Fair value							
<b>Financial assets not measured at fair value:</b>								
Cash and cash equivalents.	\$ -	996,222	-	996,222	-	-	-	-
Accounts receivable, Related parties.	-	3,280,313	-	3,280,313	-	-	-	-
Other accounts Receivable.	-	1,945	-	1,945	-	-	-	-
	-	365,682	-	365,682	-	-	-	-
	\$ -	4,644,162	-	4,644,162	-	-	-	-

		2022						
		Carrying amount			Fair value			
		Other financial liabilities	Exchange rate forwards designated as hedge accounting	Total	Level 1	Level 2	Level 3	Total
	Fair value							
<b>Financial liabilities not measured at fair value:</b>								
Long-term debt	\$ -	9,606,494	-	9,606,494	-	11,624,457	-	11,624,457
Lease liabilities	-	1,222,665	-	1,222,665	-	-	-	-
Suppliers and provisions	-	2,047,837	-	2,047,837	-	-	-	-
Other liabilities	-	730,024	-	730,024	-	-	-	-
Related parties	-	338	-	338	-	-	-	-
	\$ -	13,607,358	-	13,607,358	-	11,624,457	-	11,624,457

<b>Financial liabilities at fair value:</b>								
Derivative financial instruments	\$ -	-	3,759	3,759	-	3,759	-	3,759
	\$ -	-	3,759	3,759	-	3,759	-	3,759



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

### Notes to the consolidated financial statements

(Thousands of pesos)

#### A. 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
Foreign exchange forward contracts	Forward prices: Fair value is determined using quoted or estimated forward exchange rates at the date of the financial statements along with present value calculations based on yield curves reflecting the credit quality in the respective currencies.
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	



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*ii. Transfer between Level 1 and Level 2.*

In order to determine the fair value of debt instruments, management used a valuation technique in which all significant inputs were based on data from observable markets. There were no transfers between these two levels in 2023.

*Cash Flow Hedges-*

As of December 31, 2023, the Group held the following instruments to hedge exposures to changes in the interest rates and exchange rate MXN/USD:

		Maturity		
Interest rate risk		1-6 months	6-12 months	More than a year
Interest rate swaps				
Net exposure	\$	11,748	19,252	20,245
Average fixed interest rate		5.97%	5.97%	5.97%

		Maturity		
Exchange rate risk		1-6 months	6-12 months	More than a year
Net exposure in dollars	\$	435	-	-
Average exchange rate		22.99	-	-

As of December 31, 2022, the Group held the following instruments to hedge exposures to changes in the interest rates:

		Maturity		
Interest rate risk		1-6 months	6-12 months	More than a year
Interest rate swaps				
Net exposure	\$	23,580	18,795	30,806
Average fixed interest rate		5.97%	5.97%	5.97%

		Maturity		
		1-6 months	6-12 months	More than a year
Exchange rate risk				
Net exposure in dollars	\$	804	804	435
Average exchange rate		21.75	22.47	22.99



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(Thousands of pesos)

As of the reporting date, the amounts related to items designated as hedged items were as follows:

2023					
		Change in value used to calculate hedge ineffectiveness	Cash flow hedge reserve	Costs of hedging hedge reserve	Balances that remain in coverage reserve of coverage relationships for which hedge accounting is no longer applied
<b>Rate risk interest</b>					
Variable rate instruments	\$	21,936	51,245	-	-
<b>Exchange rate risks</b>					
Foreign exchange forward contracts		(1,210)	(2,549)	-	-
2022					
		Change in value used to calculate hedge ineffectiveness	Cash flow hedge reserve	Costs of hedging hedge reserve	Balances that remain in coverage reserve of coverage relationships for which hedge accounting is no longer applied
<b>Rate risk interest</b>					
Variable rate instruments	\$	(29,420)	73,181	-	-
<b>Exchange rate risks</b>					
Foreign exchange forward contracts		4,466	(3,759)	-	-

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

2023											
Carrying amount				Line in the statement of financial position in which the hedging instrument is included	Change in value of 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
Nominal amount	Assets	Liabilities									
Interest rate risk	-	-	-		-	-	-	-	-	-	-
Interest rate swaps	870,000	51,245	-	Derivative Financial Instruments	21,936	-	(Cost) Financial Income	-	-	-	(Cost) Financial Income
Exchange rate risks	-	-	-		-	-	-	-	-	-	-
	-	-	-		-	-	-	-	-	-	-
Foreign exchange contracts	7,349	-	2,549	Derivative Financial Instruments	(1,210)	-	(Cost) Financial Income	-	-	-	(Cost) Financial income



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2022											
Carrying amount				Line in the statement of financial position in which the hedging instrument is included	Change in value of 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
Nominal amount	Assets	Liabilities									
Interest rate risk	-	-	-		-	-	-	-	-	-	-
Interest rate swaps	980,000	73,181	-	Derivative Financial Instruments	(29,420)	-	(Cost) Financial Income	-	-	-	(Cost) Financial Income
Exchange rate risks	-	-	-	-	-	-	-	-	-	-	-
Foreign exchange contracts	-	-	-	Derivative Financial Instruments	-	-	-	-	-	-	-
	45,533	-	3,759	Financial Instruments	4,466	-	(Cost) Financial Income	-	-	-	(Cost) Financial income

The following table shows a reconciliation by risk category of components and an analysis of items included in other comprehensive income, net of taxes, derived from cash flow hedge accounting:

	2023		2022	
	Hedge reserve	Cost of hedge reserve	Hedge Reserve	Cost of hedge reserve
<b>Balance as of January 1</b>	\$ (48,100)	-	(30,633)	-
<b>Cash flow hedges</b>				
Changes in fair value				
Interest rate risk	21,936	-	(29,420)	-
Foreign exchange risk	(1,210)	-	4,466	-
Amount reclassified to profit or loss				
Deferred income taxes	(6,218)	-	7,487	-
<b>Balance as of December 31</b>	\$ (33,592)	-	(48,100)	-

**Capital Management-**

The policy of the Group is to maintain a solid capital base to maintain the trust in the Group of investors, creditors and the market, and to sustain the future development of the business. The Board of Directors monitors the capital return.

The debt-equity ratio is monitored by the Board of Directors. The Group's debt-equity ratio at the end of the reporting periods is as follows;

	2023	2022
Total liabilities	\$ 18,073,751	15,936,981
Cash and cash equivalents	1,379,799	996,222
<b>Liabilities less cash and cash equivalents</b>	<b>\$ 16,693,952</b>	<b>14,940,759</b>
Stockholder's equity	\$ 13,901,460	11,167,256
Ratio of debt to equity (total liabilities less cash and cash equivalents divided by stockholder's equity).	1.20	1.33





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#### (7) Cash and cash equivalents-

Cash and cash equivalents are as shown below:

		2023	2022
Petty cash	\$	4,338	2,963
Demand deposits		543,905	152,192
Banks		831,556	689,040
Restricted cash (1)		-	152,027
<b>Cash and cash equivalents</b>	<b>\$</b>	<b>1,379,799</b>	<b>996,222</b>

- (1) As of December 31, 2022 the Group had restricted cash of \$152,027. In accordance with some covenants that the Group had in relation to its main bank loan, a cash reserve fund (restricted cash) is maintained under certain conditions. As of December 31, 2023, the current credit agreement no longer includes this obligation.

Note 6 discloses the Group's exposure to credit risks related to cash and cash equivalents.

#### (8) Accounts receivable-

		2023	2022
Accounts receivable	\$	4,466,061	3,364,344
Less allowance for doubtful accounts		125,947	84,031
<b>Total accounts receivable</b>	<b>\$</b>	<b>4,340,114</b>	<b>3,280,313</b>

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

The Group mainly offers ground transportation services (national and international), logistics and technology services, as well as transport of people services, for which it generates revenue from contracts with customers. See note 29 for details of revenue by segment.

As of December 31, 2023 and 2022, contract assets related to customers are primarily included in accounts receivable for an amount of \$4,340,114 and \$3,280,313, respectively.

As of December 31, 2023 and 2022, contract liabilities related to customer are for \$73,539 and \$38,112, respectively, and are mainly advances from customers.

As of December 31, 2023 and 2022, revenues of \$38,112 and \$42,635 were recognized derived from the beginning balance of contract liabilities.

The Group has carried out non-resource financial factoring operations (assignment of credit rights) with banking institutions during 2023 and 2022. These transactions involve the sale of certain accounts receivable to the financial institution. The Group is not obligated to reimburse the factor in case of debtor default.

The Group has classified the cash flows resulting from these operations as operating activities, since they represent an anticipated collection of amounts owed by customers. The Group derecognizes accounts receivable from the statement of financial position and recognizes the funds received as early collection.



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These accounts receivable are not included in the Company's statement of financial position, as the risks and rewards associated with the accounts receivable have been transferred to the factor. As of the date of issuance of the financial statements, all accounts receivable assigned to the factor were fully settled.

**(9) Other accounts receivables-**

		2023	2022
Sundry debtors	\$	404,977	337,757
Bus operators		42,606	31,527
Officials and employees		22,350	14,155
Other		31,006	21,859
		500,939	405,298
Less allowance for doubtful accounts		8,766	39,616
<b>Total other accounts receivable</b>	<b>\$</b>	<b>492,173</b>	<b>365,682</b>

Note 6 discloses the Group's exposure to credit and currency risk and impairment losses related to other accounts receivable.

**(10) Transactions and balances with related parties-****(a) Compensations to key management personnel -**

The key management personnel of the Group received the following remunerations and other benefits (share-based plan), which are included in personnel costs (note 22):

		2023	2022
Short-term benefits	\$	319,000	282,000
Share-based payments (note 21(d))		532,086	77,403

**Transactions with other related parties-**

All related parties listed in this note correspond to "other related parties" as they are not joint agreements, subsidiaries, partners, or key personnel of the administration.

In the normal course of activities, Grupo Traxión carries out commercial transactions with other related parties, including raw materials supply and the leasing of real estate.

Transactions carried out with other related parties, during the twelve-month period ended December 31, 2023 and 2022, were as follows:

Company	Gasto por la operación		2023	2022
Inmobiliaria Albali, S. A. de C. V.	Leasing and other expenses	\$	17,874	17,741
Tracto servicios Especializados de Querétaro, S. A. de C. V.	Maintenance costs		214	4,792
Inmobiliaria Eventus, S. A. de C. V.	Leasing		11,873	9,262



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Accounts receivable and payable to related parties (other related parties), as of December 31, 2023 and 2022, are as shown below:

<b>Accounts receivable</b>	<b>2023</b>	<b>2022</b>
Pública Entertainment, S. A. de C. V.	\$ -	1,945

Accounts receivable correspond to transactions with maturity date during the next 12 months

<b>Accounts payable</b>	<b>2023</b>	<b>2022</b>
Grupo Publica espectaculares y Vallas, S. A. de C. V.	\$ -	76
Partes relacionadas diversas	-	262
	\$ -	<b>338</b>

Accounts payable correspond to transactions with maturity date during the next 12 months.

As of December 31, 2022, accounts receivable and payable between related parties are not guaranteed.

#### (11) Prepayments-

	<b>2023</b>	<b>2022</b>
Advances to suppliers <sup>(1)</sup>	\$ 102,016	108,195
Insurance paid in advance	69,020	67,137
Other expenses paid in advance <sup>(2)</sup>	85,804	83,076
	256,840	258,408
Advances to suppliers long-term <sup>(1)</sup>	159,954	33,600
	159,954	33,600
<b>Total prepayments</b>	<b>\$ 416,794</b>	<b>292,008</b>

(1) Advances to suppliers are classified according to the destination of the acquisitions.

(2) Mainly to advertising expenses, bonuses paid in advance, among others.

#### (12) Transportation equipment and machinery-

During the year ended 31 December 2023, the Group had the following relevant transactions related to transportation equipment and machinery, as shown below.

##### Additions and disposals-

<b>Cost</b>	<b>2022</b>	<b>Additions</b>	<b>Disposals</b>	<b>2023</b>
Personnel transportation equipment	\$ 8,597,500	2,591,799	10,575	11,178,724
Tractor trucks	3,362,511	1,034,329	444,472	3,952,368
Platforms and boxes	1,914,242	87,717	90,569	1,911,390
Transportation equipment	578,301	33,936	31,096	581,141
Machinery and equipment	343,178	112,737	-	455,915
Leasehold improvements	376,978	76,733	6,148	447,563
Computer equipment	316,062	77,138	2,327	390,873
Tracking equipment	74,833	5,054	-	79,887
Office furniture and equipment	154,366	31,842	4,106	182,102
Storage equipment	14,033	27	11	14,049
Telephones	5,320	-	-	5,320
Safety equipment	1,772	141	-	1,913
Other assets	20,765	52,908	10,080	63,593
	<b>\$ 15,759,861</b>	<b>4,104,361</b>	<b>599,384</b>	<b>19,264,838</b>



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

## Notes to the consolidated financial statements

(Thousands of pesos)

### Depreciation-

<b>Accumulated depreciation</b>	<b>2022</b>	<b>Additions</b>	<b>Disposals</b>	<b>2023</b>
Personnel transportation equipment	\$ 1,906,678	686,044	-	2,592,722
Tractor trucks	627,020	251,043	223,784	654,279
Platforms and boxes	704,648	183,784	73,507	814,925
Transportation equipment	168,121	18,459	18,356	168,224
Machinery and equipment	99,915	42,608	-	142,523
Leasehold improvements	134,208	51,277	4,140	181,345
Computer equipment	203,482	76,720	2,035	278,167
Tracking equipment	25,633	10,641	-	36,274
Office furniture and equipment	27,281	11,604	-	38,885
Storage equipment	5,004	2,548	-	7,552
Telephones	3,203	-	-	3,203
Safety equipment	772	144	-	916
Other assets	18,792	8,983	3,763	24,012
	3,924,757	1,343,855	325,585	4,943,027
<b>Carrying value, net</b>	<b>\$ 11,835,104</b>	<b>2,760,506</b>	<b>273,799</b>	<b>14,321,811</b>

During the year ended 31 December 2022, the Group had the following relevant transactions related to transportation equipment and machinery, as shown below.

### Additions and disposals-

<b>Cost</b>	<b>2021</b>	<b>Additions</b>	<b>Business acquisition</b>	<b>Disposals</b>	<b>2022</b>
Personnel transportation equipment	\$ 6,734,892	1,943,324	-	80,716	8,597,500
Tractor trucks	2,717,326	882,108	27,473	264,396	3,362,511
Platforms and boxes	1,319,292	623,104	-	28,154	1,914,242
Transportation equipment	553,484	35,025	2,667	12,875	578,301
Machinery and equipment	193,026	131,596	20,857	2,301	343,178
Leasehold improvements	268,131	82,542	26,341	36	376,978
Computer equipment	248,406	64,970	6,057	3,371	316,062
Tracking equipment	64,437	10,396	-	-	74,833
Office furniture and equipment	64,445	90,471	-	550	154,366
Storage equipment	10,963	7,262	-	4,192	14,033
Telephones	5,320	-	-	-	5,320
Safety equipment	1,374	398	-	-	1,772
Other assets	22,559	1,044	4,568	7,406	20,765
	\$ 12,203,655	3,872,240	87,963	403,997	15,759,861

### Depreciation-

#### Accumulated depreciation

Personnel transportation equipment	\$ 1,280,385	632,191	-	5,898	1,906,678
Tractor trucks	500,057	292,766	-	165,803	627,020
Platforms and boxes	582,480	159,623	-	37,455	704,648
Transportation equipment	161,423	17,770	-	11,072	168,121
Machinery and equipment	76,299	24,263	-	647	99,915
Leasehold improvements	91,924	42,495	-	211	134,208
Computer equipment	147,843	58,638	-	2,999	203,482
Tracking equipment	16,722	8,911	-	-	25,633
Office furniture and equipment	20,929	6,589	-	237	27,281
Storage equipment	4,535	469	-	-	5,004
Telephones	3,203	-	-	-	3,203
Safety equipment	726	46	-	-	772
Other assets	23,866	399	-	5,473	18,792
	2,910,392	1,244,160	-	229,795	3,924,757
<b>Carrying value, net</b>	<b>\$ 9,293,263</b>	<b>2,628,080</b>	<b>87,963</b>	<b>174,202</b>	<b>11,835,104</b>



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

### Notes to the consolidated financial statements

(Thousands of pesos)

*As part of the covenants of the main bank loans (see note 14), the Group is restricted from selling or otherwise disposing of its assets, except for sales or disposals in the ordinary course of business or outside the ordinary course of business up to an annual limit of \$300,000.*

#### *Impairment-*

During the years ended 31 December 2023 and 2022, 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, 2023 and 2022, goodwill is derived from the acquisitions of the entities shown below:

<b>Entity</b>	<b>2023</b>	<b>2022</b>
LIPU	\$ 2,229,351	2,229,351
Medistik	756,122	756,122
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
BBA Logistics	151,020	-
V-Modal	61,807	61,807
	<b>\$ 5,291,841</b>	<b>5,140,821</b>



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

Notes to the consolidated financial statements

(Thousands of pesos)

**Intangibles and other assets-**

The movement in the account of intangibles and other assets as of December 31, 2023, it is as follows:

<b>Cost</b>	<b>2022</b>	<b>Additions</b>	<b>Disposals</b>	<b>2023</b>
Brands	1,026,916	-	-	1,026,916
Customers relationships	1,357,492	-	-	1,357,492
Licenses and Software	188,392	39,501	-	227,893
Other Intangibles	12,455	18,000	-	30,455
	<b>2,585,255</b>	<b>57,501</b>	<b>-</b>	<b>2,642,756</b>
<b>Amortization</b>				
Customers	270,516	57,625	-	328,141
Licenses and Software	96,980	31,412	-	128,392
Other Intangibles	-	2,076	-	2,076
	<b>367,496</b>	<b>91,113</b>	<b>-</b>	<b>458,609</b>
<b>Net book value</b>	<b>2,217,759</b>	<b>(33,612)</b>	<b>-</b>	<b>2,184,147</b>

The movement in the intangibles and other assets account as of December 31, 2022 is shown below:

<b>Cost</b>	<b>2021</b>	<b>Additions</b>	<b>Business acquisition</b>	<b>Disposals</b>	<b>2022</b>
Brands	866,706	-	160,210	-	1,026,916
Customers	589,184	-	768,308	-	1,357,492
Licenses and Software	188,140	-	15,306	15,054	188,392
Other Intangibles	-	-	12,455	-	12,455
	<b>1,644,030</b>	<b>-</b>	<b>956,279</b>	<b>15,054</b>	<b>2,585,255</b>
<b>Amortization</b>					
Customers	230,767	39,749	-	-	270,516
Licenses & Software	78,873	19,264	-	1,157	96,980
	<b>309,640</b>	<b>59,013</b>	<b>-</b>	<b>1,157</b>	<b>367,496</b>
<b>Net book value</b>	<b>1,334,390</b>	<b>(59,013)</b>	<b>956,279</b>	<b>13,897</b>	<b>2,217,759</b>



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

### Notes to the consolidated financial statements

(Thousands of pesos)

Goodwill and other intangible assets with indefinite useful lives are reviewed to determine if there are impairment indicators 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 highest.

The recoverable amount of the cash-generating units has been determined based on value in use calculations. 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, 2023 and 2022, no impairments of goodwill were recognized.

If, as of December 31, 2023 and 2022, 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.

<b><i>In percentage</i></b>	<b>2023</b>	<b>2022</b>
Discount rate	11.50%	11.41%
Terminal value growth rate	2.0%	2.0%
Budgeted growth rate of EBITDA growth (average for the next five years)	10.0%	10.0%



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

Notes to the consolidated financial statements

(Thousands of pesos)

**(14) Debt-**

The long-term debt as of December 31, 2023 and 2022 is as follows:

	<b>2023</b>	<b>2022</b>
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 compounded annual TIIE rate plus a variable margin ranging between 175 and 215 basis points, depending on the leverage ratio as defined in the Group's credit agreement, maturing in 2026. (1)	2,328,000	2,450,000
Simple credit contracted at an annual TIIE rate plus 1.88 percentage points maturing in 2029. (2)	1,000,000	1,000,000
Simple credit contracted at an annual rate of 11.35% with maturing in 2028.	355,908	402,305
Simple credit contracted at an annual TIIE rate plus 1.85 percentage points maturing in 2025.	300,000	300,000
Simple credit contracted at an annual rate of 8.45% with maturing in 2027. (2)	251,360	297,878
Simple credit contracted at an annual rate of 8.15% with maturing in 2027.	228,131	273,712
Simple credit contracted at an annual TIIE rate plus 1.70 percentage points maturing in 2025.	300,000	250,000
Simple credit contracted at a TIIE rate plus 1.75 percentage points maturing in 2028..	637,000	-
Simple credit contracted at a TIIE rate plus 1.75 percentage points maturing in 2028.	231,250	-
Simple loan contracted at an annual rate of 7.31% maturing in 2025.	169,905	241,585
Simple loan contracted at an annual rate of 8.80% maturing in 2027. (2)	168,413	197,338
Simple loan contracted at an annual rate of 12.70% maturing in 2029.	168,934	-
Simple loan contracted at an annual rate of 8.99% maturing in 2028. (2)	159,993	186,997
Simple credit line contracted at an annual TIIE rate plus 1.75 percentage points maturing in 2026.	142,524	175,924
Revolving credit contracted at an annual TIIE rate plus 1.75 percentage points maturing in 2028..	124,936	153,767
Revolving credit contracted at a TIIE rate plus 1.95 percentage points maturing in 2023..	-	146,426
Simple credit contracted at a TIIE rate plus 1.5 percentage points maturing in 2026.	130,000	-
Simple credit contracted at an annual rate of 12.90% maturing in 2028..	163,555	-
Simple credit line contracted at an annual TIIE rate plus 2.00 percentage points maturing in 2026.	97,122	140,287
Simple credit contracted at an annual rate of 9.40% with maturing in 2028. (1). (2)	113,362	126,292
Simple credit contracted at an annual rate of 6.90% with maturing in 2025..	100,941	122,868
Simple loan contracted at an annual rate of 8.14% maturing in 2025.	75,027	123,307
Simple credit contracted at an annual rate of 7.40% with maturing in 2026.	86,815	105,734
Revolving credit contracted at an annual TIIE rate plus 1.15 percentage points, maturing in 2024.	100,000	100,000
Revolving debt securities contracted at a TIIE rate plus 0.25 percentage points, maturing in 2024.	100,000	-
Simple credit contracted at an annual TIIE rate plus 1.20 percentage points maturing in 2023.	-	95,000
Simple credit contracted at an annual rate of 9.15% with maturing in 2027.	70,083	80,388
Simple credit contracted at an annual rate of 9.25% with maturing in 2027.	45,161	52,480
Simple credit contracted at an annual TIIE rate plus 1.90 percentage points maturing in 2027.	30,372	38,657
Simple credit contracted at an annual TIIE rate plus 1.40 percentage points maturing in 2023.	-	20,000
Total, debt	10,178,792	9,580,945
Unpaid accrued interest	73,449	71,092
Transaction costs	(67,824)	(45,543)
Carrying amount of debt	10,184,417	9,606,494
Current portion of long-term debt	986,991	1,092,316
Current portion of long-term debt securities	100,000	-
Long-term debt securities, excluding current portion	2,500,000	2,500,000
<b>Long-term debt, excluding current maturities and debt securities</b>	<b>\$ 6,597,426</b>	<b>6,014,178</b>





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

### Notes to the consolidated financial statements

(Thousands of pesos)

- (1) In March 2023, the Group entered into an agreement for a credit line of \$6,000,000 pesos. The credit is composed as follows:
- Tranche A for \$500,000 pesos at a 28-day TIIE rate plus a margin of 180 basis points.
  - Tranche B for \$2,400,000 pesos which was draw down on March 30, 2023, and the proceeds were used to pay off the previous credit on the same date, at a 28-day TIIE rate plus a variable margin of 175 to 215 basis points that will be determined according to the Group's net debt to earnings before financial costs, taxes, depreciation, and amortization ratio.
  - Tranche C for \$1,500,000 pesos at a 28-day TIIE rate with a variable margin of 175 to 215 basis points. This line represents a specific credit amount that will not exceed said amount.
  - Uncommitted Tranche C for \$1,600,000 pesos at a 28-day TIIE rate plus a variable margin of 175 to 215 basis points. This is a credit line that can be drawn down in several installments during the term of the agreement.
- (2) During 2022, credit lines were signed and drawn down, which, together with the Group's own resources, were used for the payment of capital investments (CAPEX) and business acquisitions.
- (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 movements of debt balance as of December 31, 2023 and 2022 is shown below:

Total debt	Beginning Balance 2022	Loans received	Payments	Interest paid	Total cash transactions	Accrued interest	Amortization of transaction costs	Ending balance 2023
	9,606,494	4,992,352	4,394,506	1,327,687	8,876,653	1,272,847	34,916	10,184,416

  

Total debt	Beginning Balance 2021	Loans received	Payments	Interest paid	Total cash transactions	Accrued interest	Amortization of transaction costs	Ending balance 2022
	6,363,279	3,706,766	475,907	788,131	8,806,007	771,115	29,372	9,606,494

Our main loan (see footnote 1 of this note) sets certain restrictive covenants, among which are:

- limitations on the transfer title of its assets (including, without limitation, fixed assets, or securities of any subsidiary),(see note 12)
- 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 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.

Until December 31, 2022, the Group was required to establish, maintain, and expand a cash reserve fund as stipulated in its credit agreement. As of December 31, 2023, this obligation is no longer in effect.

December 31, 2023, and 2022, all covenants have been met.



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

### Notes to the consolidated financial statements

(Thousands of pesos)

As of December 31, 2023, and 2022, the entities Transportadora Egoba, S. A. de C. V. (Egoba), Transporte de Carga Grupo MyM, S. A. de C. V., (TCGM), Almacenaje y Distribución Avior, S. A. de C. V. (Avior), Auto Express Frontera Norte, S. A. de C. V. (AFN), Corporación Lipu, S. A. P. I. de C. V. and subsidiaries (Lipu), Autotransportes el Bisonte, S. A. de C. V. (Bisonte), Redpack, S. A. de C. V. (Redpack), and Logística y Transporte para la Industria de la Salud, S. A. P. I. de C. V. (Medistik) are guarantors of the Group's main bank loan.

#### (15) Suppliers-

The Group's main costs are diesel and gasoline, which represents 16.26% and 23.35% of total costs for the periods ended December 31, 2023, and 2022, 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-

		2023	2022
Taxes and duties	\$	360,346	382,651
Value added tax		563,614	382,337
	\$	<b>923,960</b>	<b>764,988</b>

#### (17) Employee Benefits-

The Group has a defined benefit plan (seniority premium) that will be payable in the event of death, disability or disability and voluntary separation of a worker. The benefit consists of twelve days of the last salary of the worker per year of service, without exceeding two minimum wages of the economic zone where the worker provides his/her services.

In case of voluntary separation, fifteen years of seniority is required.

		2023	2022
Present value of unfunded obligations	\$	119,860	109,894
<b>Recognized liability of defined benefit obligations</b>	<b>\$</b>	<b>119,860</b>	<b>109,894</b>

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

		2023	2022
DBO as of January 1	\$	109,894	98,370
Business acquisition		-	3,133
Current service cost		13,610	17,850
Financial cost		5,324	4,311
Actuarial (gains) losses		5,448	(68)
Payments during the period		(14,416)	(13,702)
<b>DBO as of December 31</b>	<b>\$</b>	<b>119,860</b>	<b>109,894</b>



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

Notes to the consolidated financial statements

(Thousands of pesos)

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

2024	\$	16,390
2025		16,356
2026		19,293
2027		17,572
2028		18,762
2029 to 2033		127,406
	\$	<b>215,779</b>

**a) Expense recognized in profit and loss--**

		<b>2023</b>	<b>2022</b>
Current service cost	\$	13,610	17,850
Financial cost		5,324	4,311
	\$	<b>18,934</b>	<b>22,161</b>

**Actuarial (gains) losses recognized in other comprehensive income--**

		<b>2023</b>	<b>2022</b>
As of January, 1	\$	(3,471)	(3,519)
Recognized during the year:			
Experience adjustment		(4,559)	(18)
Financial assumptions		(889)	86
Recognized during the year		(5,448)	68
Deferred income tax		1,634	(20)
<b>As of December 31,</b>	\$	<b>(7,285)</b>	<b>(3,471)</b>

**b) Actuarial assumptions--**

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

	<b>2023</b>	<b>2022</b>
Discount rate	9.10% a 9.20%	9.20% a 9.30%
Salary increase	4.45% a 5.58%	4.45% a 5.58%
Minimum salary increase	15% a 20%	15% a 20%
Inflation rate	4.66%	7.82%

Assumptions about future mortality are based on published statistics and mortality tables. The retirement age in Mexico is 65 years.

The calculation of the defined benefit obligation is sensitive to the mortality assumptions indicated above.



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

Notes to the consolidated financial statements

(Thousands of pesos)

**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, 2023 and 2022, in the amounts shown below:

<b>2023</b>	<b>Increment</b>	<b>Decrease</b>
Discount rate (1% variation)	\$ (2,599)	2,738
<b>2022</b>	<b>Increment</b>	<b>Decrease</b>
Discount rate (1% variation)	\$ (2,463)	2,590

**(18) Provisions and ESPS-**

<b>2023</b>	<b>Wages and salaries</b>	<b>Cost of service</b>	<b>Other provisions</b>	<b>Total provisions</b>	<b>ESPS</b>
Opening balance	\$ 84,933	455,093	86,184	626,210	23,492
Increases	449,612	2,375,176	260,962	3,085,750	81,697
Payments	309,554	2,316,199	104,901	2,730,654	17,503
<b>Ending balance</b>	<b>\$ 224,991</b>	<b>514,070</b>	<b>242,245</b>	<b>981,306</b>	<b>87,686</b>

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

<b>2022</b>	<b>Wages and salaries</b>	<b>Cost of service</b>	<b>Other provisions</b>	<b>Total provisions</b>	<b>ESPS</b>
Opening balance	\$ 129,240	338,217	106,605	574,062	85,138
Business acquisitions	4,353	24,957	28,683	57,993	1,481
Increases	621,138	2,190,021	57,969	2,869,128	13,568
Payments	669,798	2,098,102	107,073	2,874,973	76,695
<b>Ending balance</b>	<b>\$ 84,933</b>	<b>455,093</b>	<b>86,184</b>	<b>626,210</b>	<b>23,492</b>



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

## Notes to the consolidated financial statements

(Thousands of pesos)

### (19) Leases-

The Group leases warehouses, courtyards and point of sale facilities as well as other types of assets. To calculate lease liability, the Group used a weighted average incremental rate of 9.50% per annum. Leases are typically for a period of two years, with the option to renew the lease after that date.

Likewise, the Group leases, real estate, tractors, boxes and other assets, the average term of the leases is 3 years, some of the contracts have annual rent increases based on inflation in some cases they have restriction to cancel de lease.

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 low-value in accordance with the Group's accounting policies.

The details of the right-of-use asset and the lease liability are shown below:

#### i. Right of use assets.

2023	Real estate	Transportin equipment	Tractor trucks and boxes	Other assets	Total
Balance as of January 1	\$ 762,749	158,500	383,667	22,820	1,327,736
Depreciation	587,716	102,927	113,263	509	804,415
Business acquisition	847,860	134,247	94,060	4,367	1,080,534
Cancellations	76,899	98,799	41,895	-	217,593
<b>Balance as of December 31</b>	<b>\$ 945,994</b>	<b>91,021</b>	<b>322,569</b>	<b>26,678</b>	<b>1,386,262</b>

  

2022	Real estate	Transportati on equipment	Tractor trucks and boxes	Other assets	Total
Balance as of January 1	\$ 422,657	159,069	414,456	21,560	1,017,742
Depreciation	383,368	122,388	76,660	27,323	609,739
Business acquisition	276,210	-	45,871	-	322,081
Additions	483,781	121,819	-	29,153	634,753
Cancellations	36,531	-	-	570	37,101
<b>Balance as of December 31</b>	<b>\$ 762,749</b>	<b>158,500</b>	<b>383,667</b>	<b>22,820</b>	<b>1,327,736</b>

#### ii. Lease liabilities

2023	Real estate	Transportation equipment	Tractor trucks and boxes	Other assets	Total
				14,417	
Short term lease liability	\$ 433,652	25,659	153,224		626,952
Long term lease liability	522,330	26,180	100,750	3,305	652,565
<b>Total lease liabilities</b>	<b>\$ 955,982</b>	<b>51,839</b>	<b>253,974</b>	<b>17,722</b>	<b>1,279,517</b>

  

2022	Real estate	Transportation equipment	Tractor trucks and boxes	Other assets	Total
Short term lease liability	\$ 381,350	36,220	106,753	37,829	562,152
Long term lease liability	411,915	30,232	195,431	22,935	660,513
<b>Total lease liabilities</b>	<b>\$ 793,265</b>	<b>66,452</b>	<b>302,184</b>	<b>60,764</b>	<b>1,222,665</b>



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

### Notes to the consolidated financial statements

(Thousands of pesos)

	Beginning balance 2022	Lease payment s	Interest paid	Total Cash Transactions	Accrued interest	Business acquisitions	New leases entered into	Early cancellation of leases	Ending balance 2023	
	1,222,665	(974,991)	(31,917)	215,757	125,326	(46,742)	1,080,538	(95,362)	1,279,517	
	Beginning balance 2021	Lease payments	Interest paid	Total Cash Transactions	Accrued interest	Revaluation effect	Business acquisitions	New leases entered into	Early cancellation of leases	Ending balance 2022
Lease liabilities	947,674	(692,875)	(38,006)	216,792	91,335	(1,540)	322,081	634,753	(40,755)	1,222,665

#### iii. Amounts recognized in statement of comprehensive income

	2023	2022
Depreciation expense	\$ 804,415	609,739
Interest on lease liabilities	125,326	91,335
Expense relating to short-term and/or low-value leases	21,464	15,942

#### iv. Amounts recognized in the statement of cash flows:

	2023	2022
Cash outflows for leases. <sup>(1)</sup>	\$ 996,455	708,817

#### v. Expansion options

Some leases of property contain renewal 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 renewal options in new leases in order to provide operational flexibility.

The renewal options are exercisable only by the Group and not by the lessors. The Group evaluates, at the commencement date, whether there is reasonable certainty of exercising the renewal options. The Group reassess if it has reasonable certainty to exercise a renewal option if there is a significant event or change in circumstances.

The initial measurement of the right-of-use asset is determined by the initial measurement of the lease liability.

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 the commencement date and is discounted using incremental interest rate.

The lease payments that the entity considers include fixed payments less any incentives, as well as amounts expected to be paid as residual value guarantees.

## (20) Income tax-

Deferred income tax assets and liabilities have been presented in the consolidated statement of financial position, based on the grouping of each legal entity that is included in consolidation, because the tax effects cannot be netted or offset between the different legal entities (there is not a legal mechanism that allows it).



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

## Notes to the consolidated financial statements

(Thousands of pesos)

### (a) Deferred tax assets (and liabilities) –

As of December 31, 2023 and 2022, 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 timing of the reversal and the related temporary difference they will not be reversed in the foreseeable future.

	2023	2022
Accounts receivable and allowance for doubtful accounts	\$ (1,564,011)	(1,319,024)
Transportation equipment and machinery	(808,492)	(682,305)
Intangible assets	(641,192)	(660,650)
Right-of-use assets	(732,154)	(603,023)
Other assets	(87,892)	(38,220)
Other accounts receivable	(66,651)	(29,538)
Prepayments	(18,694)	14,926
Derivative financial instruments assets	(15,373)	(21,954)
Suppliers	1,204,130	1,002,886
Lease liabilities	686,268	558,941
Other liabilities	445,795	143,574
Tax losses	332,249	380,505
Provisions	281,181	258,103
Advances from customers	42,094	23,706
Transaction costs from subsequent public offering	41,101	-
Employee benefits	36,083	22,061
ESPS	24,607	14,987
Inventory reserve	1,327	1,667
Derivative financial instruments liabilities	765	1,128
	<b>\$ (838,859)</b>	<b>(932,230)</b>

### (b) Movements in temporal differences-

	2022	Profit or loss	Stockholders' equity	OCI	2023
allowance for doubtful accounts	\$ (1,319,024)	(244,987)	-	-	(1,564,011)
Property and equipment	(682,305)	(126,187)	-	-	(808,492)
Intangible assets	(660,650)	19,458	-	-	(641,192)
Right-of-use	(603,023)	(129,131)	-	-	(732,154)
Other assets	(38,220)	(49,672)	-	-	(87,892)
Other receivables	(29,538)	(37,113)	-	-	(66,651)
Advance payments	14,926	(33,620)	-	-	(18,694)
Derivative financial instruments assets	(21,954)	-	-	6,581	(15,373)
Suppliers	1,002,886	201,244	-	-	1,204,130
Lease liabilities	558,941	127,327	-	-	686,268
Other liabilities	143,574	302,221	-	-	445,795
Tax losses	380,505	(48,256)	-	-	332,249
Provisions	258,103	23,078	-	-	281,181
Advance customers	23,706	18,388	-	-	42,094
Transaction costs from subsequent public offering	-	-	41,101	-	41,101
Employee benefits	22,061	12,388	-	1,634	36,083
ESPS	14,987	9,620	-	-	24,607
Inventory reserve	1,667	(340)	-	-	1,327
Derivative financial instruments liabilities	1,128	-	-	(363)	765
	<b>\$ (932,230)</b>	<b>44,418</b>	<b>41,101</b>	<b>7,852</b>	<b>(838,859)</b>



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

Notes to the consolidated financial statements

(Thousands of pesos)

	2021	Profit or loss	Business acquisitions	OCI	2022
Accounts receivable and allowance for doubtful accounts	\$ (1,140,500)	(190,168)	11,644	-	(1,319,024)
Property and equipment	(511,985)	(170,442)	122	-	(682,305)
Assets for right of use	(417,434)	(104,627)	(80,962)	-	(603,023)
Intangible assets	(401,756)	19,575	(278,469)	-	(660,650)
Other assets	(60,494)	8,247	(440)	(7,487)	(60,174)
Other receivables	(40,843)	9,303	2,002	-	(29,538)
Suppliers	930,374	72,512	-	-	1,002,886
Lease liabilities	366,972	102,999	88,970	-	558,941
Tax losses	360,023	20,482	-	-	380,505
Provisions	188,847	65,367	3,889	-	258,103
Other liabilities	129,611	15,091	-	-	144,702
Advance customers	22,675	129	902	-	23,706
Employee benefits	20,094	(637)	2,624	(20)	22,061
ESPS	23,931	(11,427)	2,483	-	14,987
Advance payments	1,676	14,036	(786)	-	14,926
Inventory reserve	3,097	(1,430)	-	-	1,667
	\$ (525,712)	(150,990)	(248,021)	(7,507)	(932,230)

When assessing the recoverability of the deferred tax assets, the Group Management considers the probability that some or all of them may not realize.

The realization of the deferred income tax assets depends on the generation of taxable income in the periods in which temporary differences will be realized.

In conducting this assessment, the Group considers the expected reversal of deferred tax liabilities, estimated taxable income 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.

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 2026 to 2034:

	December 31	
	2023	2022
Tax losses	\$ 174,967	77,743





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

Notes to the consolidated financial statements

(Thousands of pesos)

Furthermore, the Group did not recognize a deferred tax asset related to the share-based payment, based on the assessment that the temporary differences arising from the plan may not result in future tax benefits.

As of December 31, 2023 and 2022, 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 on 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 income tax law, it establishes a rate of 30% for 2014 and thereafter.

**(c) Income tax recognized in P&L**

		<b>December 31</b>	
		<b>2023</b>	<b>2022</b>
Current	\$	265,285	87,327
Deferred		(44,418)	150,990
	\$	<b>220,867</b>	<b>238,317</b>

**Income Tax recognized directly in other comprehensive income-**

		<b>2023</b>	
		<b>Gross</b>	<b>Net of tax</b>
Actuarial losses	\$	(5,448)	1,634
Derivative financial instruments		(20,726)	6,218
			(3,814)
			(14,508)
		<b>2022</b>	
Actuarial losses	\$	68	(20)
Derivative financial instruments		24,954	(7,487)
			48
			17,467

**d) Reconciliation of effective tax rate-**

		<b>2023</b>	<b>2022</b>
Profit before income taxes	\$	859,576	744,381
Computed "expected" tax expense		257,873	223,314
Effects of inflation, net		4,442	(19,086)
Non-deductible expenses		131,168	87,683
Non-recognized deferred tax assets		(180,471)	(35,222)
Other, net		7,855	(18,372)
	\$	<b>220,867</b>	<b>238,317</b>



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

### Notes to the consolidated financial statements

(Thousands of pesos)

#### (21) Stockholders' equity -

The main characteristics of the accounts of stockholders' equity are described below, as well as their structure.

##### a) Structure of capital stock-

During 2023, Grupo Traxión's capital stock underwent the following changes:

(Number of shares)	2023	2022
Outstanding ordinary shares as of January 1 (net)	476,191,876	489,800,903
Shares repurchased during the year	304,400	13,609,027
Shares placed in subsequent offering during the year	91,903,028	-
<b>Outstanding ordinary shares as of December 31 (net)</b>	<b>567,790,504</b>	<b>476,191,876</b>

On April 28, 2023, at a shareholders' meeting, the cancellation of 35,000,000 of the Company's own series "A" Class I ordinary nominative shares, with no par value, which were held in treasury and originated from the repurchases previously made by the Company, was recorded. Considering the above, our authorized capital stock is represented by 573,315,217 series "A" Class I, ordinary, nominative shares, with no par value, and our subscribed and paid-in capital stock is represented by 475,887,476 series "A" Class I, ordinary, nominative shares, with no par value, resulting in an authorized fixed capital stock of \$9,420,434. It was acknowledged that the reduction in capital stock did not entail any reimbursement to shareholders.

On August 11, 2023, Grupo Traxión completed the placement and sale of 84,719,775 shares, with no par value, representing its capital stock at a price of \$30.0 per share, through a mixed public offering.

On September 4, 2023, the overallotment option was exercised for a total of 7,183,253 shares, with no par value, at the mixed public offering price of \$30.0 per share.

The movements of shares placed and sold were recognized in our capital stock, less transaction costs and the corresponding deferred tax, for a total of \$2,661,178.

As a result of the aforementioned changes, Traxión's subscribed and paid-in capital stock is represented by a total of 567,790,504 outstanding shares and 5,496,397 treasury shares.

On December 31, 2022, 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. In addition, there are 64,836,956 treasury shares, not including the effect of the repurchases carried out by the Group that as of December 31, 2022 corresponds to 67,286,385 and 53,677,378 shares, respectively.

Since September 29, 2017, the shares of the Group are quoted in the Mexican Stock Exchange and may be subscribed or acquired only by Mexican investors in whose bylaws contain the foreigners' exclusion clause.

##### b) Legal reserve

In accordance with the General Corporations Law, the net profit for the year is subject to a separation of 5%, to constitute the legal reserve, until it reaches one fifth of the share capital. As of December 31, 2023, the legal reserve amounts to \$85,549, which has not reached the amount required by the General Corporations Law.

##### c) Other equity accounts (Repurchase of shares)

At the shareholders' meeting held on April 27, 2018, the maximum amount that Grupo Traxión could assign to repurchase shares was approved. For the period from January 1 to December 31, 2023 and 2022, the amount traded for the repurchase of shares required cash flow outflows of \$10,940 and \$386,220 corresponding to 5,496,390 and 13,609,027



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

### Notes to the consolidated financial statements

(Thousands of pesos)

securities, respectively.

#### **d) Other equity accounts (share based payments)**

During 2019, the Group offered some of its key management members a shares-based payment.

In equity-settled share-based payment transactions, fair value is determined at grant date, which is the date at which the entity and the employee agree to a share-based payment arrangement and requires that the entity and the employee have a shared understanding of the terms and conditions of the arrangement.

The fair value of the shares at the date of granting was \$14.37. The same plan contemplates the possibility for executives to participate in the Group's stock compensation program in which a portion of the variable compensation may be settled in shares.

The plan considers a total of 27,173,912 shares, distributed in three different plans. The irrevocability of each plan is conditional on the fulfillment of two requirements: 1) the share price reaches a specific price during a determined period and 2) the executive has remained in the Group for at least three consecutive years from the date of the initial public offering in 2017. As of December 31, 2023, and 2022, all of the shares in the plan have met the requirements for their granting, and the total amount of the plan has been recognized in the company's profit or loss in previous years.



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

### Notes to the consolidated financial statements

(Thousands of pesos)

#### e) *Actuarial gains and losses-*

This account represents the accumulated amount, net of deferred income taxes, of changes in actuarial assumptions used in the calculation of defined benefits plans (note 18).

#### f) *Valuation effect of derivative financial instruments-*

Derived from the valuation of the period of derivative financial instruments designated for hedge accounting (note 25).

#### g) *Foreign currency translation effect*

Represents the difference arising from translating foreign operations from their functional currency to the reporting currency.

### (22) **Total Costs -**

		2023	2022
Labor cost	\$	4,862,516	3,007,602
Diesel and gasoline <sup>(1)</sup>		3,089,244	3,751,070
Transportation and freight Insurance		2,408,614	1,343,908
Depreciation and amortization		1,928,028	1,685,591
Parcel and logistics cost		1,711,941	2,033,010
Maintenance of trucks		1,238,346	1,019,131
Logistics services		1,086,716	1,037,582
Tolls		921,841	870,311
Leasing, maintenance and general services of real estate		275,947	46,723
Insurance		255,109	158,895
Private Security		153,522	44,642
GPS communication and monitoring		111,995	72,690
Other <sup>(2)</sup>		945,729	992,596
<b>Total costs</b>	<b>\$</b>	<b>18,989,548</b>	<b>16,063,751</b>

(1) Includes income of \$952,458 and \$125,404 of tax subsidy for IEPS tax for 2023 and 2022, respectively.

(2) It mainly includes costs and inspections, facilities security, general services such as telephone, electricity, maintenance of operating facilities, etc.



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Notes to the consolidated financial statements

(Thousands of pesos)

**(23) General expenses -**

		<b>2023</b>	<b>2022</b>
Labor cost	\$	2,127,410	1,634,862
Administrative fee		455,092	315,472
Depreciation and amortization		310,827	228,902
Software cost		118,031	87,016
Travel expenses		110,620	71,074
Maintenance		31,066	21,158
Advertising		29,730	23,308
Bank commissions		23,364	25,323
Security		13,211	16,152
Office supplies		13,104	11,732
Taxes		11,992	9,893
Fees and subscriptions		11,433	7,917
Insurance		9,612	6,206
Leasing		2,097	286
Other <sup>(1)</sup>		269,404	252,334
<b>Gastos totales</b>	<b>\$</b>	<b>3,536,993</b>	<b>2,711,635</b>

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

**(24) Other revenues-**

Other revenues and other expenses for the years ended December 31, 2023, and 2022 are shown below:

		<b>2023</b>	<b>2022</b>
(Loss) profit on the sale of machinery and equipment	\$	(27,438)	40,283
Other miscellaneous revenues <sup>(1)</sup>		136,748	125,460
<b>Total other revenues.</b>	<b>\$</b>	<b>109,310</b>	<b>165,743</b>

(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.



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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.

For exchange rate hedging relationships (forward-type instruments), the company evaluates the effectiveness of its hedging relationship through the least squares method, which allows analyzing the exchange relationship between fair value and the hedging instrument.

As of December 31, 2023 and 2022, the derivative financial instruments for accounting and economic hedging purposes held by the Group are shown below:

Derivative instrument	Notional	Underlying asset / reference asset / December 31, 2023	Fair value December 31, 2023	Collateral/Lines of Credit/securities in warranty.
Santander interest rate swap at 5.98% fixed rate	261,000	11.50/TIIE 28 días	15,302	Joint Obligors
Banorte interest rate swap at 5.95% fixed rate	261,000	11.50/TIIE 28 días	15,546	Joint Obligors
HSBC interest rate swap at 5.98% fixed rate	348,000	11.50/TIIE 28 días	20,397	Joint Obligors
	<b>870,000</b>		<b>51,245</b>	

Derivative instrument	Notional	Underlying asset / reference asset / December 31, 2023	Fair value December 31, 2023	Collateral/Lines of Credit/securities in warranty.
Santander interest rate swap at 5.98% fixed rate	294,000	10.76/TIIE 28 días	21,923	Joint Obligors
Banorte interest rate swap at 5.98% fixed rate	294,000	10.76/TIIE 28 días	22,162	Joint Obligors
HSBC interest rate swap at 5.98% fixed rate	392,000	10.76/TIIE 28 días	29,096	Joint Obligors
	<b>980,000</b>		<b>73,181</b>	

Derivative instrument	Notional USD.	Underlying asset / December 31, 2023	Fair value December 31, 2023	Collateral/Lines of Credit/securities in.
Forward currencies BBVA to T.C. 22.99 pesos per dollar	435	22.29 pesos por dólar	(2,549)	No aplica
	<b>10,004</b>		<b>(2,549)</b>	

Derivative instrument	Notional USD.	Underlying asset / December 31, 2022	Fair value December 31, 2022	Collateral/Lines of Credit/securities in.
Forward currencies BBVA to T.C. 22.19 pesos per dollar	2,043	22.29 pesos por dólar	(3,759)	No aplica
	<b>45,533</b>		<b>(3,759)</b>	



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(Thousands of pesos)

Derivative instrument	Notional USD.	Underlying asset / December 31, 2023	Fair value December 31, 2023	Collateral/Lines of Credit/securities in.
Forward currencies BBVA to T.C. 22.19 pesos per dollar	2,043	22.29 pesos por dólar	(3,759)	No aplica
	<b>45,533</b>		<b>(3,759)</b>	

Derivatives	Beginning Balance 2022	Settlement	Total cash Transactions	Change in fair value recognized in OCI	Financial instruments for business acquisition	Reclassified to profit or loss	Ending balance 2023
	69,422	-	-	(20,726)	-	-	48,696

  

Derivatives	Beginning Balance 2021	Settlement	Total cash Transactions	Change in fair value recognized in OCI	Financial instruments for business acquisition	Reclassified to profit or loss	Ending Balance 2022
	43,761	-	-	24,954	707	-	69,422

**B) Current investments -**

	2023	2022
Equity investments	\$ -	128,468
<b>Total equity investments</b>	<b>\$ -</b>	<b>128,468</b>

As of December 31, 2023, the Group has fully divested this investment.

As of December 31, 2022, equity investments included shares of four debt and equity investment funds.

**(26) Contingent liabilities-**

**a) Insurance-**

The Group has 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.



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#### **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) Business acquisition-**

#### **a) Acquisition of BBA Logistics-**

On June 19, 2023, Grupo Traxión completed the acquisition of 100% of the membership interests in BBA Logistics, LLC. ("BBA Logistics"), a cargo brokerage company with door-to-door and cross-border services in the United States, and a 100% asset-light model.

For the seven months ended December 31, 2023, from the acquisition date, BBA Logistics contributed to the Group's consolidated statement of comprehensive income with \$201,068 of revenues and \$5,217 of net income.

If the acquisition had taken place on January 1, 2023, the consolidated revenue would have been \$24,942,365, while consolidated profit would have been \$652,254. When determining these amounts, management assumed that the fair value adjustments that arose on the acquisition date would have been the same if the acquisition had taken place on January 1, 2023.

#### *Consideration transferred-*

The consideration transferred comprises the following:

	Thousands of USD	Thousands of Pesos
Cash	\$ 4,000	67,574
Payment on the first anniversary	2,836	47,910
Payment on the second anniversary	797	13,464
Contingent consideration	1,810	30,577
<b>Total consideration transferred</b>	<b>\$ 9,443</b>	<b>159,525</b>

#### *Contingent consideration*

Grupo Traxión agreed to pay the former shareholders of BBA Logistics a contingent consideration of \$2,100 thousand if the company achieves earnings before taxes, financial costs, depreciation, and amortization (EBITDA) of at least \$2,000 thousand in 2024. Based on our projections and analysis, we estimate that it is probable that BBA Logistics will reach this level of EBITDA in 2024, and therefore, the contingent consideration of \$2,100 thousand would be paid in the second half of 2025. It should be noted that, although all possible estimates have been made, there is some uncertainty, and the final results could be higher or lower than





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these estimates. The contingent consideration, as well as the payments on the first and second anniversaries, have been recognized as part of short and long-term other liabilities.

#### *Acquisition-related costs*

For the year ended December 31, 2023, Grupo Traxión incurred \$1,800 in costs related to the acquisition of BBA Logistics, primarily for due diligence audits, legal fees, and notary fees. These costs were recognized in "general expenses".

#### *Identifiable assets acquired and liabilities assumed*

The following table summarizes the recognized amounts of assets acquired and liabilities, based on their book value.

	Thousands of USD	Thousands of Pesos
Cash and cash equivalents (1)	\$ 421	7,113
Accounts receivable (1)	2,837	47,921
Suppliers (1)	2,754	46,529
Total identifiable net assets acquired (1)	504	8,505
Consideration transferred	9,443	159,525
Goodwill	\$ 8,939	151,020

(1) The transaction took place in June 2023 (see note 2), Grupo Traxión is still determining the final figures corresponding to the fair values of the assets acquired and liabilities assumed, as well as the determination of goodwill and the valuation of intangible assets that can be identified as part of this business combination.

#### **b) Medistik acquisition-**

On August 24, 2022, Grupo Traxión completed the acquisition of 100% of shares with voting rights of Medistik. Through this acquisition, the Group entered into the 4PL market that provides logistics solutions for medicines and medical accessories through an asset-light approach.

For the five months from the acquisition date to December 31, 2022, Medistik contributed to the consolidated income statement of the Group with \$233,928 of revenues and \$35,318 of net income.

If the acquisition had taken place on January 1, 2022, the consolidated revenue would have been \$20,638,368 while consolidated profit would have been \$498,745. When determining these amounts, management assumed that the fair value adjustments as of the acquisition date would have been the same if the acquisition had taken place on the January 1, 2022.

#### *Consideration transferred-*

The consideration paid is as follows:

Cash \$1,556,767

#### *Acquisition Related Costs*

Grupo Traxión incurred costs related to the acquisition of Medistik for \$10,500, mainly related to due diligence audits, legal and notary fees, which were recognized in line item "general expenses".



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

## Notes to the consolidated financial statements

(Thousands of pesos)

**Identifiable assets and liabilities acquired**

Assets acquired and liabilities assumed at the acquisition date, based on their fair values, is shown below:

	<b>Fair Value</b>
Cash and cash equivalents	\$ 25,110
Accounts receivable	113,303
Other accounts receivable	12,238
Inventories	5,369
Prepayments	9,567
Transportation equipment and machinery	87,365
Intangible assets	15,306
Right-of-use assets	276,210
Guarantee deposits	4,539
Derivative financial instruments	1,083
Intangibles:	
Brands	160,210
Customers relationships	768,308
Non-compete	12,455
Deferred tax assets	43,684
	<b>1,534,747</b>
Less:	
Current lease liabilities	276,210
Suppliers	47,854
Sundry debtors	17,305
Other taxes	31,296
Provisions	57,993
ESPS	1,481
Advances from customers	1,289
Income taxes	5,897
Derivative financial instruments	377
Deferred income taxes	291,267
Employee benefits	3,133
<b>Net assets acquired</b>	<b>800,645</b>
<b>Consideration paid</b>	<b>1,556,767</b>
<b>Goodwill</b>	<b>\$ 756,122</b>

Goodwill is mainly attributed to the synergies expected from the incorporation of the pharmaceutical 4PL and last mile services.



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

### Notes to the consolidated financial statements

(Thousands of pesos)

#### c) **V-Modal acquisition-**

On September 19, 2022, Grupo Traxión completed the acquisition of 90% shares with voting rights of V- Modal. Through this acquisition, the Group entered the railway logistics services market, being one of the main competitors in the rail intermodal freight and general freight services segment with an asset-light focus.

For the four months from the acquisition date to December 31, 2022, V-Modal contributed to the consolidated income statement of the Group \$177,065 of revenue and \$9,723 of net income.

If the acquisition had taken place on January 1, 2022, that the consolidated revenue would have been \$20,687,437 while consolidated profit would have been \$519,494. When determining these amounts, management assumed that the fair value adjustments as of the acquisition date would have been the same if the acquisition had taken place on the January 1, 2022.

#### *Consideration transferred-*

The consideration paid is as follows:

Cash \$102,550 Acquisition

#### *Related Costs*

Grupo Traxión incurred costs related to the acquisition of V-Modal for \$1,500, mainly related to purchase audits, legal and notary fees, which were recognized in general expenses.

#### **Identifiable assets and liabilities acquired**

Assets acquired and liabilities assumed at the acquisition date, based on their fair values, is shown below:

	<b>Fair Value</b>
Cash and cash equivalents	\$ 720
Accounts receivable	46,531
Other accounts receivable	707
Prepayments	3,912
Transportation equipment and machinery	598
Right-of-use assets	45,871
	98,339
Less:	
Suppliers and creditors	827
Other taxes and duties	10,898
Lease liabilities	45,871
<b>Net assets acquired</b>	<b>40,743</b>
<b>Consideration paid</b>	<b>102,550</b>
<b>Goodwill</b>	<b>\$ 61,807</b>



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

### Notes to the consolidated financial statements

(Thousands of pesos)

Goodwill is mainly attributed to the synergies and efficiencies expected in the commercial area, as well as the optimization of expenses in the Group's supply chain. This acquisition significantly strengthens the participation in the railway segment, which represents a complement to its portfolio of services.

#### (28) Earnings per share-

Earnings per share for the year ended December 31, 2023 and 2022, were \$1.131 pesos and \$0.956 pesos, respectively.

##### *i. Profit attributable to ordinary shareholders:*

	2023	2022
Consolidated net income attributable to ordinary shareholders	\$ 638,709	506,064

##### *ii. Weighted average number of common shares:*

	2023	2022
Common shares as of January 1	543,951,430	543,951,430
Average effect of shares repurchased	20,583,065	(14,511,634)
Weighted average number of common shares as of December 31	<b>564,534,495</b>	529,439,796

The Group has no ordinary shares with potential dilutive effects.

#### (29) Information by segments-

##### *a) Segmentation bases-*

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 based on 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 in the note 4.



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

Notes to the consolidated financial statements

(Thousands of pesos)

**b) Financial information of the operating segments-**

The performance of the operating segments is measured based on the operating profit and net income of each operating segment, since the management considers that said information is the most appropriate for the evaluation of the results.

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

<b>2023</b>	<b>Mobility of Cargo</b>	<b>Logistics and technology</b>	<b>Mobility of personnel</b>	<b>Total reportable segments</b>
Services revenue:				
External clients	\$ 7,168,549	7,987,838	8,891,914	24,048,301
Inter-segment	521,224	127,452	109,659	758,335
	<b>\$ 7,689,773</b>	<b>8,115,290</b>	<b>9,001,573</b>	<b>24,806,636</b>
Depreciation and amortization	\$ 637,683	683,492	855,886	2,177,061
Operating profit	1,009,586	(29,683)	1,442,023	2,421,926
Net income	375,787	(238,967)	610,137	746,957
<b>Total assets</b>	<b>\$ 8,982,226</b>	<b>7,407,280</b>	<b>14,904,397</b>	<b>31,293,903</b>
<b>Total liabilities</b>	<b>\$ 4,571,307</b>	<b>6,317,731</b>	<b>6,960,902</b>	<b>17,849,940</b>

  

<b>2022</b>	<b>Mobility of Cargo</b>	<b>Logistics and technology</b>	<b>Mobility of personnel</b>	<b>Total reportable segments</b>
Services revenue:				
External clients	\$ 6,738,803	5,326,080	7,346,139	19,411,022
Inter-segment	441,342	398,874	73,805	914,021
	<b>\$ 7,180,145</b>	<b>5,724,954</b>	<b>7,419,944</b>	<b>20,325,043</b>
Depreciation and amortization	\$ 701,766	397,921	757,179	1,856,866
Operating profit	546,016	156,906	1,083,163	1,786,087
Net income	91,217	(29,074)	533,053	595,196
<b>Total assets</b>	<b>\$ 8,302,412</b>	<b>6,297,116</b>	<b>12,163,391</b>	<b>26,762,918</b>
<b>Total liabilities</b>	<b>\$ 4,709,398</b>	<b>5,379,183</b>	<b>4,871,030</b>	<b>14,959,611</b>



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

Notes to the consolidated financial statements

(Thousands of pesos)

**c) Conciliation of revenues by operating segment-**

**Consolidated net income**

	<b>2023</b>	<b>2022</b>
Net profit by reportable segments	\$ 746,957	595,196
Corporate expenditures, net	(108,248)	(89,132)
<b>Consolidated net income</b>	<b>\$ 638,709</b>	<b>506,064</b>

**Assets**

Total assets by operating segments	\$ 31,293,903	26,762,918
Corporate assets (mainly goodwill and brands)	681,308	344,270

<b>Consolidated assets</b>	<b>\$ 31,975,211</b>	<b>27,107,188</b>
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**Liabilities**

Total, liabilities by operating segments	\$ 17,849,940	14,959,611
Corporate liabilities	223,811	980,321

<b>Consolidated liabilities</b>	<b>\$ 18,073,751</b>	<b>15,939,932</b>
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***Information by geographic area--***

<b>2023</b>	<b>Mexico</b>	<b>United States of America</b>	<b>Total</b>
Freight revenue	\$ 6,781,018	908,755	7,689,773
Logistics revenue	6,121,209	1,994,081	8,115,290
Staff income	9,001,573	-	9,001,573
	<b>\$ 21,903,800</b>	<b>2,902,836</b>	<b>24,806,636</b>

<b>2022</b>	<b>Mexico</b>	<b>United States of America</b>	<b>Total</b>
Freight revenue	\$ 6,431,899	748,246	7,180,145
Logistics revenue	3,596,664	2,128,290	5,724,954
Staff income	7,419,944	-	7,419,944
	<b>\$ 17,448,507</b>	<b>2,876,536</b>	<b>20,325,043</b>

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.

