2023
INTEGRATED REPORT

TRAXIÓN
LIFE IN MOTION

Content

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

How to read this report

We present our latest integrated report, which demonstrates our commitment to transparency regarding Grupo Traxión's operational, financial, and sustainability results. This report outlines our progress in environmental, social, and governance (ESG) aspects, in accordance with the main international reporting frameworks and standards. Additionally, it is based on the update of our double materiality analysis conducted in 2022-2023.

Our Sustainability Strategy focuses on four guiding principles: **Governance**, **People**, **Planet**, and **Profits**. In this report, we showcase our progress in these areas, highlighting our dedication to creating long-term value for all stakeholders.

The information presented herein covers all activities fully consolidated for financial reporting purposes for the period from January 1st to December 31st, 2023, including all business units of Grupo Traxión, S.A.B. de C.V., with certain scope limitations indicated throughout the report. The data presented has been validated by the respective areas of the company, and the report has been reviewed and approved by Bernardo Lijstzain Bimstein, Chairman of the Board of Directors of Grupo Traxión. To ensure transparency and credibility, our report has been verified by an independent third party, with the scope specified in the verification letter.

Our report has been prepared in accordance with the following frameworks and standards:

Global Reporting Initiative (GRI) Standards: We have prepared our report in accordance with applicable GRI standards, ensuring comprehensive disclosure of our sustainability performance.

Sustainability Accounting Standards Board (SASB): We report on the sectors of Road Transportation, Air Freight and Logistics, and Professional and Commercial Services. These standards address financial materiality and respond to investor information requirements.

Task Force on Climate-related Financial Disclosures (TCFD) Recommendations: We have adopted the TCFD recommendations, providing information on our management of climate-related risks and opportunities for our investors.

International Sustainability Standards Board (ISSB): As a result of our report adhering to the SASB and TCFD frameworks, we believe it is in its majority ready to comply with the ISSB IFRS S1 and S2 ahead of their formal adoption in Mexico by the relevant regulatory authorities.

United Nations Sustainable Development Goals (SDGs): We highlight our contributions to the global SDG agenda, addressing society's most challenging issues.

United Nations Global Compact Principles: We disclose our progress in implementing the Ten Principles of the UN Global Compact.

Additionally, our report incorporates financial information in accordance with the **International Financial Reporting Standards (IFRS)**. Results are expressed in millions of nominal Mexican pesos (MXN), unless otherwise specified.

To facilitate navigation:

- Each section includes at the beginning the reference to the corresponding GRI Standards, SASB Standards, and TCFD Recommendations.
- The Appendices contain the indices of the GRI, SASB, and TCFD reporting standards and frameworks, detailing our progress concerning the SDGs and the United Nations Global Compact Principles.
- We have included an Appendix with ESG results and indicators for stakeholder analysis.

Key figures

Annual revenue
$24,807
million MXN

Net Profit
$639
million MXN

EBITDA
$4,549
million MXN

18.3%
EBITDA margin

+1,000
clients

787,923 m²
3PL warehouse space

+10,300
power units

4.8 years
average fleet age

+699 million
km driven

1.4 million
people transported daily

200,000
cross-border freights

15 million
last mile deliveries

67%
Independent Board Members

22,196
employees

17.5.%
women

23.5%
women in top and middle management

1,023,998
direct beneficiaries of Traxión Foundation social programs

11,216
hours of volunteer work

632,155 tCO_2e
GHG emissions scope 1 and 2

398,609 tCO_2e
GHG emissions scope 3

+60,000 CO_2
emissions avoided due to fuel efficiency strategies

20.3 gCO_2e
per passenger-kilometer

64.5 gCO_2e
per ton-kilometer

GRI 2-22

Message from the Chairman of the Board of Directors and the Executive President

Dear All,

At Traxión, we continue to consolidate our leadership in logistics and mobility by offering a portfolio of unique solutions, leveraging technology and disruptive innovation as our primary differentiators.

We are now the leading company in Mexico and Latin America, and we are committed to becoming a leading logistics player in North America by scaling our technology-driven, asset-light logistics business.

Innovation and technology permeate at every level of our organization, playing a fundamental role in our strategy, operations, and growth. Coupled with our strong salesforce and extensive operational infrastructure, this has driven our rapid and profitable growth, with a focus on creating long-term value.

We continue expanding our asset-light capabilities, built on platforms that reduce costs, enhance efficiency, and ensure operational transparency. In 2023, nearly a third of our consolidated revenue came from asset-light solutions, and we expect these to become a dominant part of our business in the near future.

With approximately 70% of our total operating income linked to the nearshoring activity, we plan to keep investing in the necessary capabilities to seize this significant opportunity in the coming years.

In 2023, we took significant steps towards this goal by acquiring BBA Logistics, a technology-based cargo broker offering door-to-door and cross-border services into U.S. destinations, and by opening our first 3PL facility in Del Rio, Texas. Domestically, we continued to penetrate key markets with significant exposure to current and potential nearshoring activity, especially in the northern regions and the Mexico-USA border.

In 2023, Traxión operated one of the largest and most modern fleets in Mexico, with more than 10,300 power units, including more than 7,340 dedicated to People Mobility—the largest fleet in the country. Our fleet also comprised 2,240 cargo power units, with over 1,500 trucks focused on cross-border services, and 720 last-mile units. We manage one of Mexico's most significant 4PL and 3PL logistics platforms, overseeing almost 790,000 square meters of 3PL warehouse space. We conduct over 200,000 cross-border freight crossings annually, and our cargo-brokerage reach extends across Mexico, the U.S. and Canada with cross-border services through truck, rail, and multimodal cargo solutions. Additionally, we were a major player in the last-mile sector, handling over 15 million deliveries.

Through our operations, scale, and drive, we continue to advance Mexico's economic and technological development with safe and efficient mobility and logistics solutions.

Furthermore, in 2023 our consolidated revenue grew by 22.1% from the previous year, reaching $24,807 million pesos. We achieved an EBITDA of $4,549 million pesos, a 26.4% increase from the prior year, which translated into a margin of 18.3%. This growth reflects the company's ongoing upward trajectory since going public.

At Traxión, we uphold strong corporate governance with a Board of Directors that brings deep sector expertise, including 67% independent directors. Emphasizing the importance of diverse leadership, we appointed our first female director in 2022 and are on track to add two more female members in 2024, achieving our goal of having three women on the Board by 2025, ahead of schedule.

Our team continues to grow, reaching almost 22,200 employees by year-end 2023, a 10.5% increase year-over-year. We respect and celebrate diversity in all its forms, and we are committed to fostering an inclusive work environment where every individual feels valued and respected.

In 2023, we designated gender diversity, specifically the inclusion of more women in our workforce, as a key group priority. To achieve this, we have set a goal of reaching 30% participation of women in our total workforce by 2030, up from 17.5% at the end of 2023, an increase of 3.9% compared to 2022. In 2023, we launched a comprehensive program to increase the number of women in operational roles across all our segments, while promoting the inclusion and promotion of more women at every level.

The health and well-being of our employees are also key priorities. In 2023, we developed a Health and Safety Management System aligned with ISO 45001 and are currently beginning the implementation of a health and wellness program. As part of these efforts, in 2023, we developed a Digital Medical Record Platform.

To support a sustainable future and mitigate climate change, we continually enhance our programs aimed at improving fuel efficiency and performance, which directly reduce carbon emissions. This involves continuous fleet renewal, the adoption of advanced technologies, and specialized training for our employees, particularly our operators.

During the year, we integrated Zero-Emission electric vans into our last-mile fleet and became the first company in Mexico to use a refrigerated electric van for transporting healthcare supplies within our pharma division. Additionally, we are actively evaluating the availability and techno-economic feasibility of alternative fuels, with a particular focus on biomethane and hydrogen, to further reduce our carbon footprint. We are also advancing strategic projects with key customers and suppliers to explore and implement cleaner transportation technologies.

As Mexico's leading mobility and logistics company, we recognize our responsibility to minimize our environmental footprint. Our commitment extends beyond tackling climate change and GHG emissions to include preserving natural ecosystems. In 2023, we enhanced our environmental policy by incorporating biodiversity considerations, reinforcing our dedication to responsible operations and ecosystem protection.

Our commitment to sustainability and our progress on various ESG topics has been recognized by investors and other stakeholders. We are members of the S&P/BMV Total Mexico ESG Index and of the Dow Jones Sustainability MILA Pacific Alliance.

We are dedicated to contributing to the Sustainable Development Goals (SDGs) and upholding the Ten Principles of the UN Global Compact, an initiative we actively support. We invite you to explore our 2023 Integrated Report, prepared in accordance with the Global Reporting Initiative (GRI) Standards, the Sustainability Accounting Standards Board (SASB), and the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

Today, Traxión is a benchmark company in the logistics and mobility industry, thanks to our capacity, results, and commitment to embedding sustainability in our business.

We will continue to progress by seizing opportunities and upholding our commitment to value creation and sustainable development. **We extend our gratitude to our stakeholders for their trust and, in particular, to our team of employees—our most valuable asset—for their exceptional efforts.**

Bernardo Lijtszain Bimstein
Chairman of the Board of Directors

Aby Lijtszain Chernizky
Executive President

We are Traxión

GRI 2-1, 3-3

We are Traxión

We are the leading company in mobility and logistics in Mexico and Latin America, offering the most extensive portfolio of integrated solutions in the industry.

Our one-stop-solution model addresses the diverse logistics needs of our customers throughout the supply chain, underscoring our commitment to comprehensive services.

Our business model is robust and resilient, and is based on three pillars: Diversification, financial discipline, and technological innovation.

We operate three segments: Logistics and Technology, Cargo Mobility, and People Mobility. Through these, we provide complimentary services that cover the entire supply chain, from 3PL and 4PL logistics, domestic and international ground transportation services, including specialized and refrigerated cargo, to last-mile logistics and personnel, school and tourist transportation services.

Mission

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

Vision

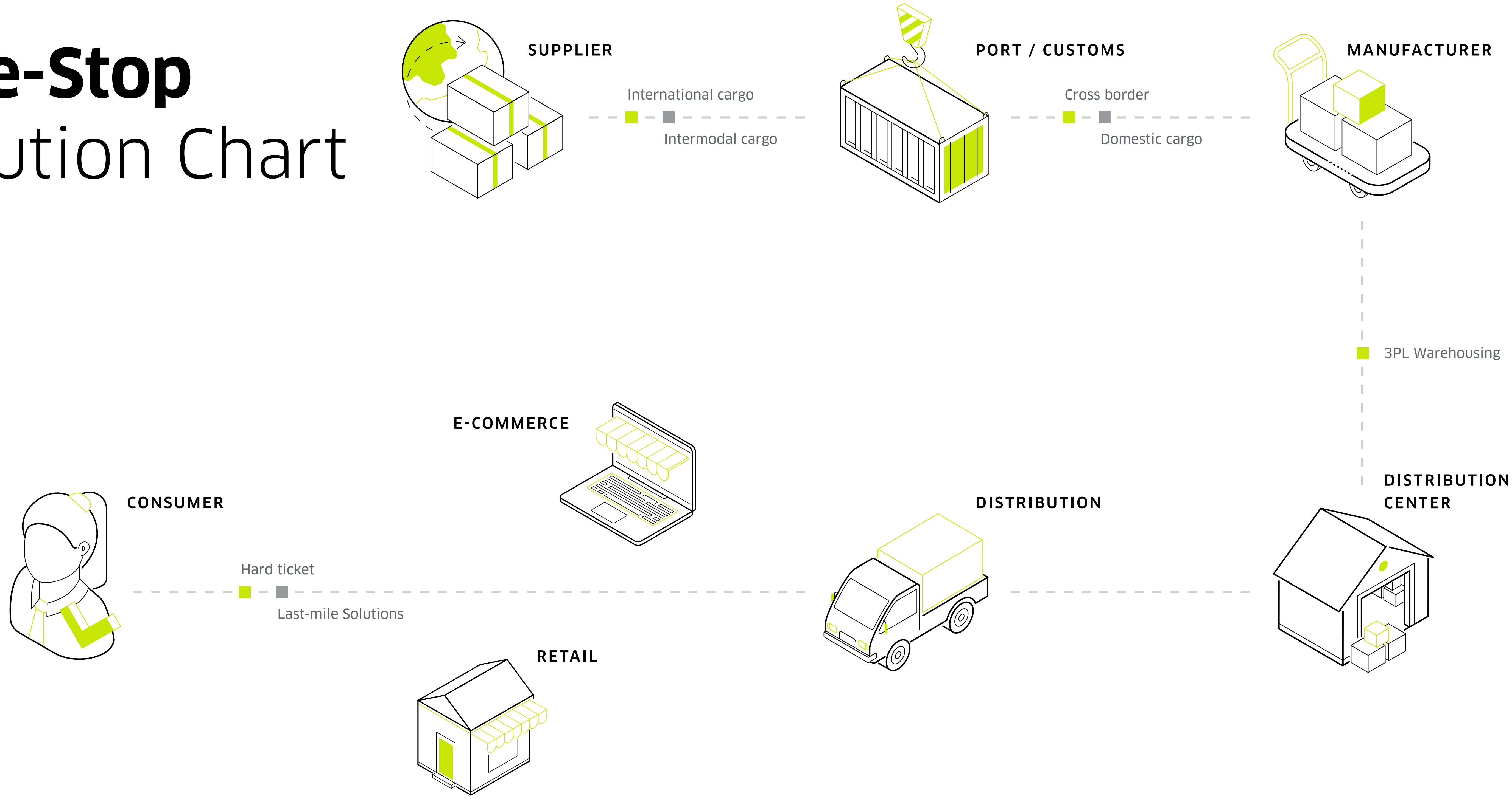
To be the leader in mobility and logistics; to create value for our stakeholders; committed to profitability, innovation, and sustainability.

Values

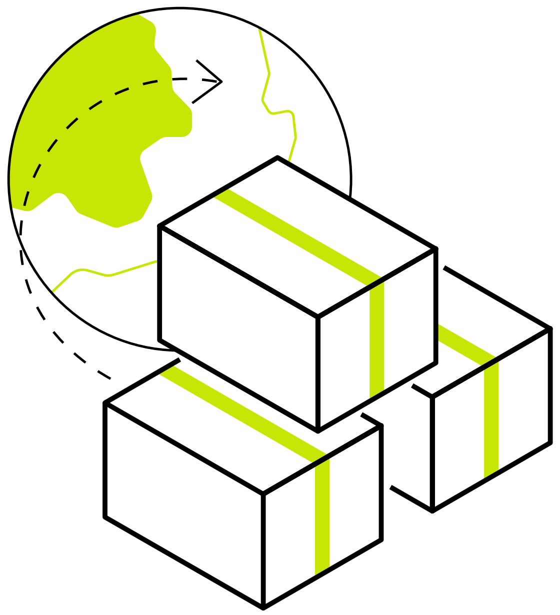
- Trust
- Drive
- Strength
- Teamwork
- Vision

GRI 2-6

One-Stop Solution Chart



Our Differentiators and Competitive Advantage



Entrepreneurial and Experienced Management Team with Strong ESG Commitment

Our entrepreneurial, innovative, and experienced management team has played a decisive role in our sustained growth trajectory. Our board of directors, composed of 67% independent directors, brings deep sector knowledge and a focus on value creation. Our shareholders, including Discovery Americas and Nexxus Capital, provide significant experience and understanding of the regulatory environment, market needs, and customer expectations.

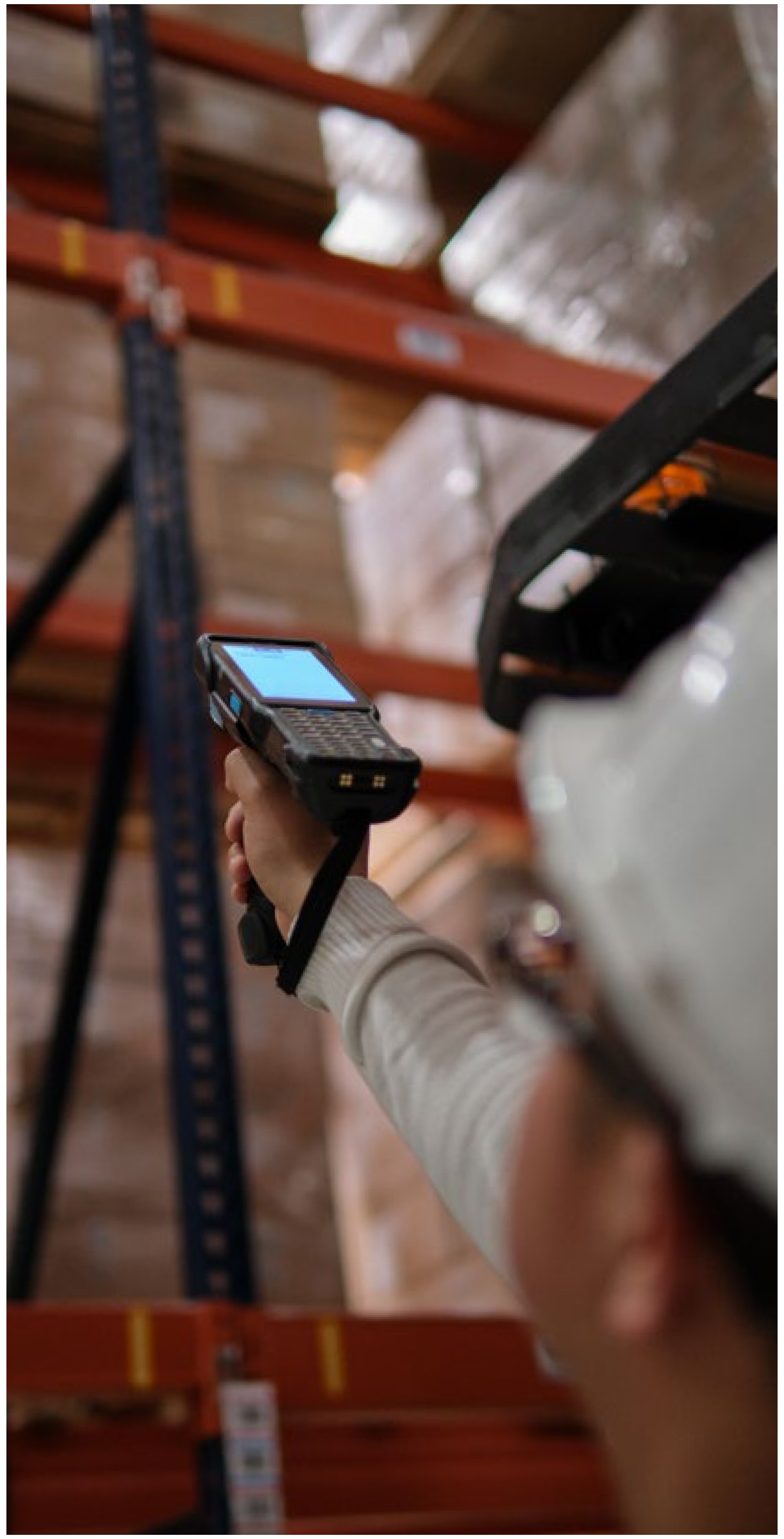
Sustainability is a key element in our business model, guiding every decision and action we take. We aim to maximize the environmental, social, and governance value we generate for all our stakeholders, ensuring continued growth and profitability while managing ESG risks and leveraging opportunities.

Exceptional Operational Capacity in Mobility and Logistics with Unique Nearshoring Opportunities

We operate an unparalleled and difficult-to-replicate operational platform consisting of:

- **One of the largest and most modern fleets in Mexico**, averaging **10,301 power units** in 2023, including 7,341 People Mobility power units, the largest fleet in the country; 2,240 cargo power units, with over 1,500 trucks dedicated to cross-border services; and 720 last-mile delivery vans.
- **One of Mexico's most significant 4PL and 3PL logistics platforms,** operating over 787,923 square meters of 3PL warehouse space.
- **A major last-mile provider** with a capacity of over 15 million deliveries in 2023.
- **Leading in digital applications** like Traxporta, our national and cross-border cargo marketplace platform.

Our scale, flexibility, breadth of services, and presence in the fastest-growing regions in Mexico position us to capitalize on the Nearshoring phenomenon. We conduct over 200,000 cross-border freight crossings annually, covering all 32 states in Mexico. We strategically focus on economically active and densely populated regions, including major metropolitan areas (Mexico City, Monterrey, Guadalajara) and dynamic regions like Bajío and the Mexico-US border zones (Nuevo Laredo, Tijuana). We also provide distribution to major commercial ports and border crossings, facilitating global import and export for our clients.



Integrated Logistics Ecosystem - Technology Based and Growing Rapidly

We offer comprehensive solutions for the entire supply chain, utilizing both our infrastructure and third-party resources coordinated through technological platforms. We aim to meet our clients' logistics needs with high-quality, integrated solutions and to develop and efficiently use our human and technological resources. Our state-of-the-art technologies, including internally developed applications and systems, adapt to specific needs and leverage technology for business improvement and development. This technological advantage allows us to provide real-time visibility, greater transparency, security, and enhanced competitiveness in pricing, operational efficiency, and profitability.

Recognized Brands and Operational Excellence

We distinguish ourselves with best-quality operations in a rapidly growing but less institutionalized market. Our services, supported by state-of-the-art technologies, offer reliable, on-time, on-demand services at competitive prices, with scale and visibility. We continuously strive to improve operational efficiency through investments in information systems, training, and fleet maintenance programs, as well as process standardization based on international norms and best practices. These efforts provide us with commercial, operational, and business intelligence, enabling continuous improvement processes based on technology and data collection. Our superior service quality, reliability, scale, and financial resources have helped us establish partnerships with international transportation and logistics providers, increasing volumes through our network and elevating our brand profile internationally.

Diverse and Broad Client Base

We are highly diversified, serving over 1,000 clients nationwide, with no single client significantly impacting our total operating income. We operate in various industrial sectors, particularly high-value and fast-growing industries like retail, automotive, electronics, pharmaceuticals, and hospitals. Our resilience across economic cycles is bolstered by long-term relationships with blue-chip companies, making us an integral part of their supply chains.

Strategic Acquisitions Expertise and Vision

A key component of our business model is complementing organic growth with strategic acquisitions. We have successfully acquired, integrated, and achieved synergies with 10 companies, providing access to new geographic regions, clients, and service offerings. We follow rigorous guidelines in analyzing potential acquisitions, seeking companies that generate value, are leaders in their market niches, have stable financial and operational positions, and offer tangible cost and revenue synergies. Our track record in mergers and acquisitions, combined with our scale, positions us as a leading and efficient consolidator in the highly fragmented sectors we operate.

Our Business Strategy

We aim to leverage our scale and strong balance sheet to expand our business both organically and inorganically, focusing on the following strategic pillars:

Capitalizing on Nearshoring Opportunities

The nearshoring trend in Mexico is expected to boost manufacturing activity, increase logistics services penetration, and expand cross-border operations. Our robust 4PL logistics platform, leadership in 3PL logistics, comprehensive cross-border infrastructure, efficient and specialized cargo solutions, and strong presence in industrial parks for personnel transportation uniquely position us to capture this growth.

With **approximately 70% of our total operating income linked to nearshoring**, we plan to keep investing in the necessary capabilities to seize this significant opportunity in the coming years.

Recognizing the potential in cross-border activities driven by nearshoring, we aim to become a leading cross-border player and a significant logistics actor in the United States. Key milestones include:

Opening our first 3PL
facility in Del Rio, Texas, in February 2023.

Acquiring BBA Logistics,
a 100% asset-free cargo brokerage with door-to-door and cross-border services in the U.S.

With an expanding presence
in the U.S., we are positioning Traxión as a leading logistics player in the region, ready to capitalize on nearshoring opportunities. reaching $8,115 million pesos.

Expanding Our Asset-Light, Technology-Enabled Logistics Business

We aim to become a leading logistics player in North America by scaling our technology-driven, asset-light logistics business, which requires significantly less investment than traditional asset-heavy segments. Our strategy includes:

Growing our 3PL division through an aggressive commercial approach.

Driving digital applications and technology-based businesses.

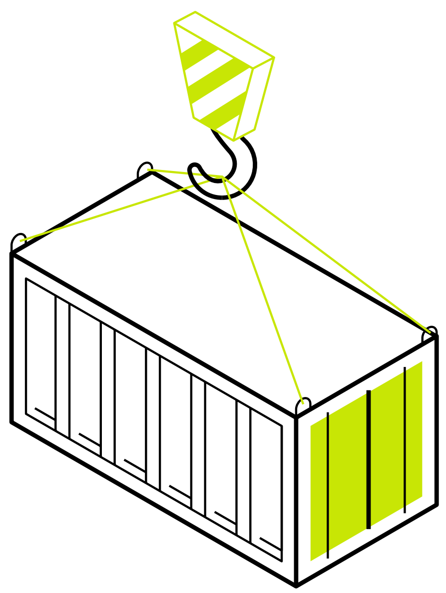
Shifting regular cargo growth to TRAXPORTA, our cargo marketplace platform.

Pursuing strategic asset-light acquisitions to complement our organic growth.

Operational Excellence and Efficiency

We are committed to sustainable growth while enhancing productivity and efficiency to drive profitability. Our strategy centers on disruptive innovation, expanding our service portfolio, and offering cutting-edge technology to provide industry-leading solutions. We are transitioning our infrastructure to specialized services, which are significantly more profitable than traditional ones. As we expand our platform, we anticipate increased operational leverage and boosted profitability.

To support this, our Operational Excellence (OPEX) department oversees continuous improvement process and KPIs optimization. Our combination of regional management and centralized business functions allows us to meet specific client needs nationwide while sharing best practices across both existing and newly acquired operations.



Leveraging Existing Client Relationships to Capture Cross-Selling Opportunities

Our specialized team focuses on identifying cross-selling opportunities within our extensive client base. This unit works closely with our sales team to offer additional services to current clients and meet their needs with customized services. We aim to develop additional services through organic growth and selective acquisitions in specific sectors and regions where we currently do not operate, focusing on expanding in refrigerated freight, dry freight, and specialized freight sectors. This strategy will diversify our total operating income and minimize exposure to seasonal business cycles. We incentivize our sales staff to maintain continuous dialogue with clients and identify opportunities to increase our share of each client's annual freight, logistics, and transportation spend.

Selectively Pursuing Strategic Acquisitions

We continuously evaluate acquisition opportunities across all our segments. The highly fragmented market we operate in presents significant opportunities for inorganic growth. We have a robust pipeline of potential acquisitions and plan to selectively pursue mergers and acquisitions with an asset-light focus to boost our digital platform, provide cutting-edge technology, and strengthen our cross-border capabilities. We seek to acquire profitable companies that generate immediate benefits, are successful in their segments, and are well-managed for quick integration.

GRI 2-1, 2-6

Our Segments and Business Units

Our geographic footprint spans the entire country, with over 50 offices and terminals in 19 states in Mexico.

We are strategically concentrated in the most economically active and densely populated regions, including the largest metropolitan areas (Mexico City, Monterrey, and Guadalajara), as well as the Bajío region and the U.S. border areas, primarily Nuevo Laredo, which are experiencing rapid growth.

We operate across three business segments: Logistics and Technology, Cargo Mobility, and People Mobility. Through these three complementary business segments, we provide services that cover the entire supply chain.

Logistics and Technology

In this segment, we provide logistics solutions throughout the entire supply chain using digital platforms and technological applications with an asset-light approach. The services offered include:

- Comprehensive 4PL logistics
- 3PL warehouse management
- Pharma logistics
- Cross-border
- Digital cargo platform
- Intermodal rail cargo brokerage
- Last-mile
- Brokerage and forwarding
- Parcel and courier services

Cargo Mobility

This segment provides comprehensive cargo solutions. The services offered include:

- Regular truckload
- Refrigerated truckload
- Intermodal cargo
- Cross-border cargo
- Specialized transportation: food grade, petrochemicals and hazardous materials
- Less-than-truckload (LTL)
- Moving and relocation services

People Mobility

We provide people transportation services mainly under a contract scheme (dedicated service) or charter (spot service). We offer the following services:

- **Personnel transportation:** Transporting employees to and from corporate offices, industrial parks, manufacturing centers, and hotels.
- **School transportation:** Transporting students to and from private schools and universities.
- **Tourism transportation:** Providing transportation services for corporate events, conferences, and other travel needs.

Business Units

Auto Express Frontera Norte (AFN): Cargo services with intermodal connections (rail, ports), domestic and international, including cross-border operations with approximately 23 freight transportation companies from the United States and Canada.

Autotransportes El Bisonte: Specialized cargo services including transportation of petrochemicals, fuels, hazardous materials, and food grade, among others. It has terminals in 5 cities across the country, including a distribution center in the Bajío region.

Lipu: Absolute leader in mobility solutions for personnel, private charters, school and tourism transportation. With national coverage and regional management, it has more than 400 clients.

Medistik: Leading company in Mexico that offers 4PL warehouse and distribution services for pharmaceutical products and medical devices with an asset-light focus.

Muebles y Mudanzas (MyM): Domestic cargo, logistics, domestic and international moving and relocation services. It has has 16 terminals located in 13 states across the country, and the necessary infrastructure to provide integrated and specialized services to our clients nationwide. Its diverse fleet allows it to access any type of geographical environment, from highways to rural roads.

Redpack: Specializes in last mile services and solutions related to the e-commerce channel, as well as parcel and courier and less-than-truckload (LTL) services, both local and international.

Transportadora Egoba: Serves customers with highly demanding domestic and international logistics needs. Leader in cross-border service and strongly positioned in refrigerated cargo. It has seven terminals located in the central and northeastern parts of the country, as well as interchange agreements with some of the most important shipping companies in the United States and Canada.

Traxión Logistics: Is a digital platform that coordinates 4PL logistics within Traxión to offer logistics solutions across the supply chain. It includes the Grupo SID's logistics segment, which manages 3PL warehouse services such as inventory management, distribution to stores, warehouse management system, inverse logistics, value-added services, courier services, labeling, and quality control, among others.

Traxporta: An ecosystem of digital applications for cargo and people mobility. In cargo, Traxporta creates an efficient market between shippers and carriers; manages the interconnections between them; generates trips; and charges a connection and management fee. By its own nature, this creates an asset-light business and promotes the use of third-party fleets and assets. On the other hand, Traxporta provides value-added services for customers through the use of technology in our People Mobility segment.

V-Modal: Leader in logistics inter-modal cargo solutions by combining rail, road, and maritime transportation, within a 100% asset-light approach.

BBA Logistics: A cargo brokerage company offering door-to-door and cross-border services in the United States, operating with a 100% asset-light model.

Challenges, Opportunities and Achievements

Over the course of the year, we faced some challenges and seized various opportunities, turning them into achievements that have fortified our position as the leading and largest logistics and mobility company in Mexico and Latin America.

The most significant opportunity relates to the nearshoring phenomenon in Mexico, which allows us to leverage our solid mobility and logistics capabilities thanks to the country's strategic geographic location and the economic ties and free-trade agreement with the USA and Canada. With the acquisition of BBA Logistics in 2023, we increased our cargo brokerage capacity, successfully expanding our customer reach to all 52 states in the US and Canada with cross-border truck, train, and multimodal cargo solutions. Domestically, we continued to penetrate key markets exposed to current and potential nearshoring activity, especially in the northern regions and the Mexico-USA border. As an underpinning strategy, during 2023, we restructured our regional operations to better support the overall expansion of the company, ensuring efficient and effective service delivery across both new and existing markets.

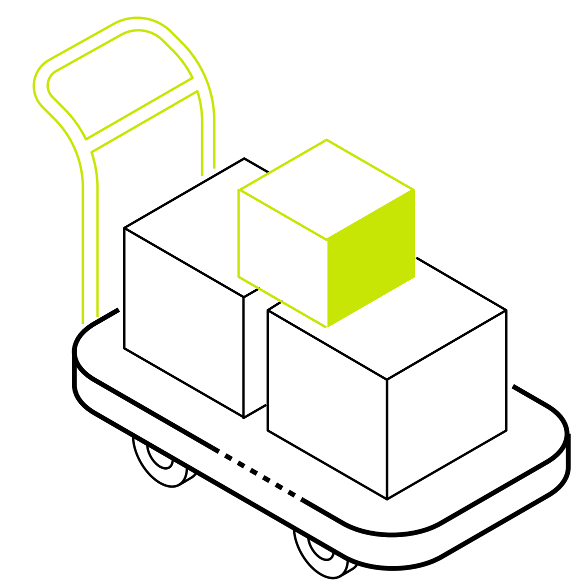
Traxión's rapid growth necessitates continuous advancements in our technological systems and process engineering. Additionally, during 2023, new regulatory requirements for the implementation of a more detailed and digitalized Waybill (Carta Porte, as it is known in Mexico) by all transporters demanded significant technological adaptations and developments within very short deployment times.

Thus, **during 2023, we strengthened our technological human-capital structure, strategy, and architecture.** We incorporated Chief Technology Officers (CTOs) into each of our three segments to drive innovation, technology development, and implementation, tailored to the specific needs of each business segment, its customers, and relevant government regulations. We organized our IT portfolio by Business Value Streams and integrated Artificial Intelligence into our technology roadmap, which has driven greater efficiency and operational effectiveness. By creating a centralized data area and adopting Agile methodologies, we have enhanced our ability to process and learn from data, and to respond swiftly to market changes and customer needs. These technological enhancements have gone hand in hand with improving our process engineering, resulting in increased productivity, asset utilization, and stringent compliance with emerging regulations.

Labor reforms and heightened competition for human capital within our industry and from other industries presented challenges such as increased labor costs, rotation pressures, and added complexity in union management. However, we successfully managed to pass some costs to customers, mitigating the financial impact while controlling turnover. Our operational coverage remains above 98% in all three segments, positioning us approximately 10 points above the market average. Additionally, we achieved an annual operational turnover rate below 80%, placing us roughly 20 points below the market average. Strong relationships with over 25 union leaders across more than 65 work centers have ensured labor peace and business continuity, as we complied with increased occupational health regulations.

Road insecurity increased during 2023, posing added risk to our drivers, which we aimed to mitigate by strengthening the various strategies and controls we have in place to safeguard their well-being, such as avoiding dangerous routes, convoy travel, GPS surveillance, distance engine stops, clear protocols for driver behavior, and collaboration with local authorities.

Lastly, during 2023, higher interest rates presented an important financial challenge, which we tackled successfully thanks to our scale, recognized prudent financial management, and the strategic planning of our financial and treasury departments. We achieved very competitive interest rates while also increasing and diversifying our short-term financing sources, thus improving the resiliency and efficiency of our balance sheet.



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

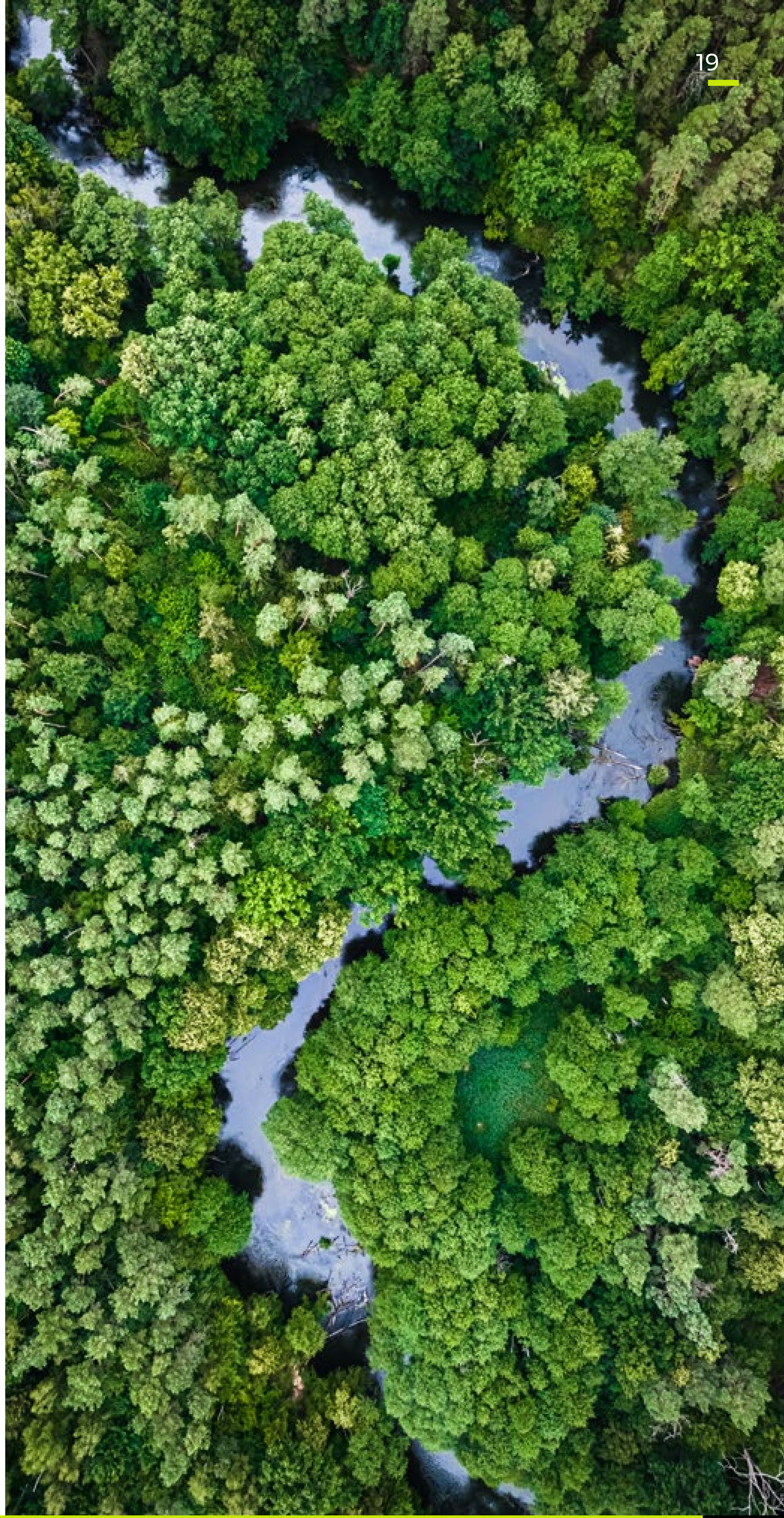
Our Sustainability Model

Sustainability is a key element in our business model, guiding every decision and action we take.

Our Sustainability Strategy is built on four key pillars: Governance, People, Planet, and Profits. This framework, aligned with international standards, helps us prioritize our efforts and maximize the value we create for our stakeholders. We continuously update our approach to reflect the evolving landscape of sustainability, addressing both the impacts we generate and the factors that could influence our financial performance and access to capital.

Our commitment to sustainability goes beyond compliance, focusing on responsible corporate conduct that maximizes positive impacts while proactively mitigating negative ones.

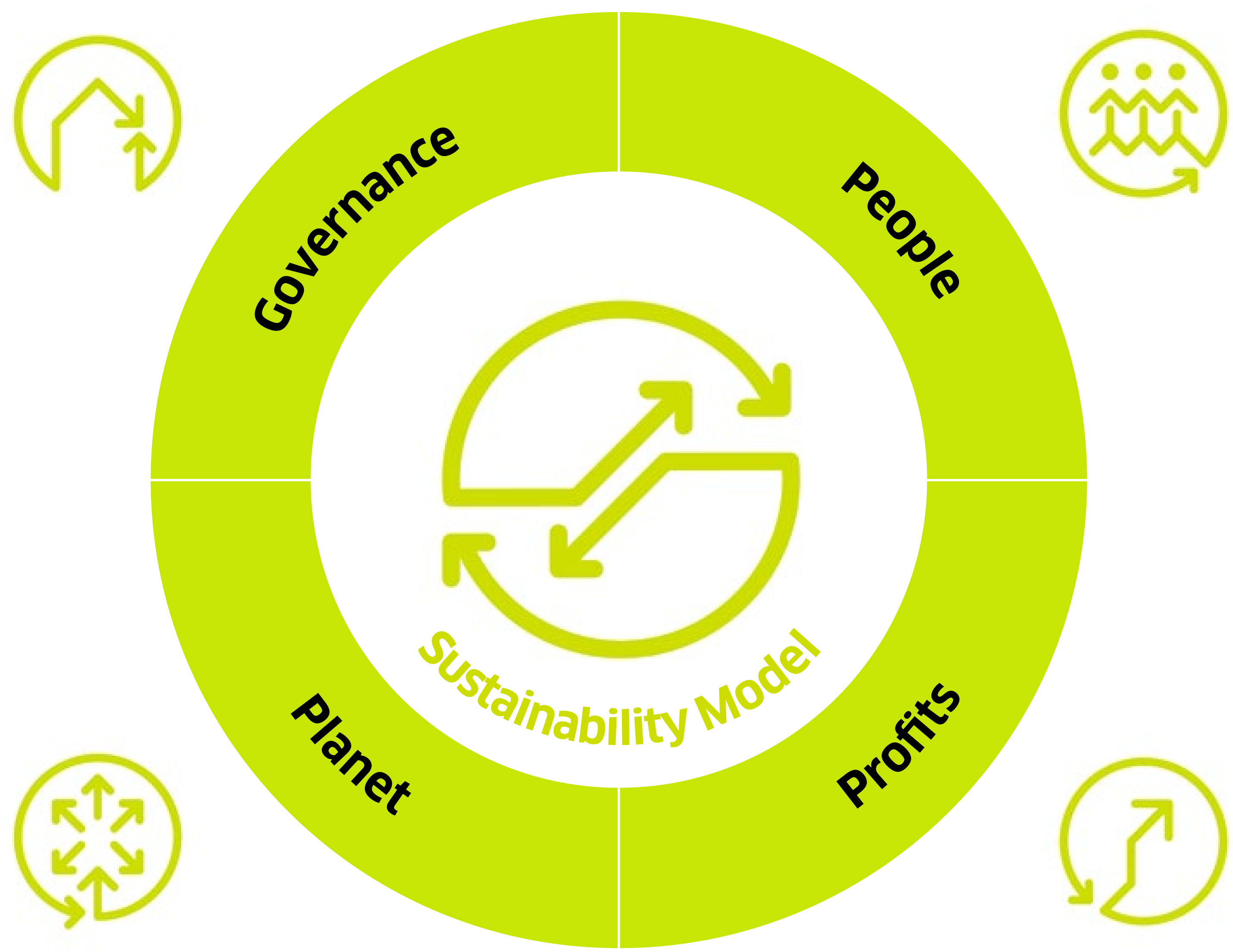
To ensure the effectiveness of our sustainability efforts, we have integrated ESG considerations into every level of our organization. From our board of directors to our drivers on the road, each member of our team plays a role in advancing our sustainability goals. We actively engage with our stakeholders, including employees, customers, and local communities, to gather feedback and refine our approach. This collaborative process helps us identify emerging trends, address potential risks, and seize opportunities to create long-term value while contributing to a more sustainable future for our industry and society as a whole.



Sustainability Model

Corporate governance
Experience, vision, strategy
Ethics and transparency
Risk management

Quality jobs
Health and wellness
Diversity and inclusion
Talent development
Communities



Energy efficiency
Clean technologies
Circular economy models
Comprehensive waste management

Long-term value
Innovation and technology
Process-based operational excellence
Excellence in our supply chain
Financial discipline

Sustainability Governance

- **Board of Directors:** Receives quarterly updates on our ESG performance through the Corporate Practices and Sustainability Committee and the Sustainability Department, ensuring top-level oversight of our sustainability efforts.

- **Corporate Practices and Sustainability Committee:** Evaluates our ESG-related plans, goals, and strategies. This committee reports directly to the Board, keeping our leadership fully informed and engaged in our sustainability journey.

- **Sustainability Committee:** To drive our sustainability initiatives forward, we have created a Sustainability Committee that includes all our corporate and business unit directors. This committee serves as a vital forum for coordinating our Sustainability Strategy across the entire organization. It also helps us identify and analyze ESG opportunities and risks specific to our industry.

- **Sustainability Department:** Leads all sustainability efforts, reporting directly to our Executive President and provides regular updates to the Board of Directors, The Corporate Practices and Sustainability Committee and other board committees as required.

- **Sustainability Leaders:** Oversee and coordinate the implementation of ESG guidelines, actions, and programs across all our business units.

ESG Frameworks and Standards

This report is aligned with the leading ESG disclosure frameworks and standards: Sustainability Accounting Standards Board (SASB), Task Force on Climate-related Financial Disclosures (TCFD) and Global Reporting Initiative (GRI), therefore we are prepared to report in accordance with the standards of the International Sustainability Standards Board (ISSB).

We are committed to addressing global social and environmental challenges, particularly those relevant to our sector. To this end, our efforts are aligned with the **United Nations Sustainable Development Goals** and the **UN Global Compact principles**. These frameworks guide our approach to key issues such as labor practices, human rights, environmental protection, and anti-corruption measures. We are also proud members of the **Mexican Council for Sustainable Finances**, which promotes financing for projects with positive environmental impacts. Additionally, since 2023, we have been coordinating the Mobility Committee within the **Mexican Association of Hydrogen**. For more details on these alliances, see Appendix II.2.

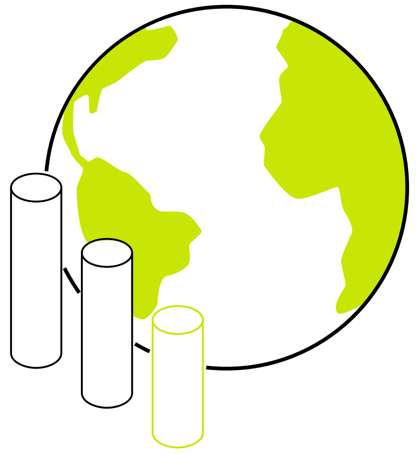
Our dedication to sustainability has earned recognition from investors and stakeholders. We are honored to be included in prestigious indices such as the **S&P/BMV Total Mexico ESG Index**, which acknowledges the company's ESG efforts and achievements in Mexico, and the **Dow Jones Sustainability MILA Pacific Alliance Index**, which rates the ESG performance of leading companies in Chile, Colombia, Mexico, and Peru. These achievements reflect our ongoing commitment to integrating ESG principles into our operations.

We participate in the **Carbon Disclosure Project (CDP)** Climate Change questionnaire, where in 2023 we improved our rating from 'C' to 'B'. This rating is at the "Management - Taking Coordinated Action on Climate Issues" level, placing us four levels above the global transportation sector average and two levels above both the global and North American regional averages.

In 2023, we received a score of 52 on **S&P's Corporate Sustainability Assessment (CSA)** questionnaire, ranking us in the top 11% of companies globally within our industry, 26 points above the industry average.

In the **EcoVadis** 2023 sustainability assessment, we obtained an overall score of over 60/100, an increase of 4 points, which awarded us the EcoVadis Silver Medal. This achievement places us in the top 25% of evaluated companies in our sector.

Our performance in recent years is detailed in Appendix II.5 Certifications, Awards and ESG Ratings.



Governance

GRI 2-9, 2-10, 2-11, 2-15, 2-17, 2-18, 2-19, 2-20, 3-3, 405-1

Corporate Governance

We believe strong governance is the foundation of sustainable business practices.

Our governance structure is aligned with benchmark standards and fully complies with the stipulations of the Mexican Securities Market Law, ensuring we operate responsibly while creating value for all stakeholders.

In our Corporate Governance Manual, we establish the guidelines and general principles that should govern our corporate governance to ensure sound and prudent management of business and operations.

The purposes of our guidelines are:

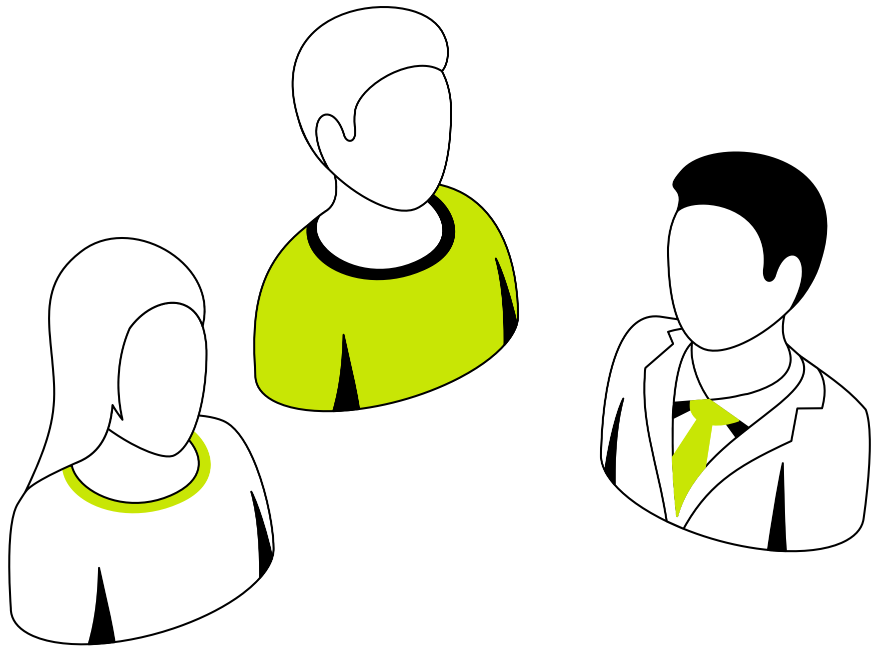
- Ensure equal treatment for all our shareholders and protect their interests.
- Define the responsibilities and functions of the main corporate governance bodies and their members.
- Issue and disclose information responsibly and transparently.
- Establish our principles of ethics and corporate social responsibility.
- Comply with applicable regulations and prevent conflicts of interest.
- Establish the regulatory requirements, restrictions, and impediments that must be observed in the appointment of members of the corporate governance bodies and constantly verify their compliance.
- Promote diversity in our Board of Directors to enrich strategic decision-making.

General Shareholders Meeting

The General Shareholders Meeting serves as our highest governing body, approving the reports of the CEO, the Board of Directors, the Corporate Practices and Sustainability Committee, and the Audit Committee, in addition to determining the profit allocation.

It is also responsible for appointing the members of the Board of Directors, the Secretary, and their alternates. It appoints the members of the Nominations and Compensation Committee and has the authority to designate or remove the Chair of the Corporate Practices and Sustainability Committee and the Audit Committee.

Additionally, it establishes the remuneration of the members of the Board of Directors and their committees, among other functions.



Board of Directors

Our Board of Directors plays a crucial role in overseeing Traxión's strategy and operations. It monitors our performance across financial, administrative, legal and sustainability aspects, ensuring we maintain high standards in our sector.

The Board also appoints and, if necessary, removes the CEO of Traxión. Additionally, it defines the CEO's total compensation and the policies for appointing and compensating all key executives, based on the recommendations of the Corporate Practices and Sustainability Committee.

Board members are nominated by the Nominations and Compensation Committee and approved by the General Shareholders' Meeting. Their terms are annual, with the Assembly ratifying the serving members or approving the appointment of new members each year.

In 2023, the Board of Directors was composed of 15 members and 12 substitutes. Of the 15 principal directors, 10 were independent members, representing 67% independence on the Board. This exceeds Traxión's established practice of having at least 50% independent directors, as well as Mexico´s legal requirements, thereby strengthening our decision-making process. The details of our Board of Directors and main committees can be found in the Appendix I ESG Results – Governance Dimension.

We recognize the importance of diversity in leadership. In 2022, we welcomed our first female director to the Board, and we set a goal of having 3 women by 2025.

These steps reflect our commitment to bringing varied perspectives to our governance, which we believe is essential for innovation in our industry.

The members of the board have an average of over 35 years of professional experience and 5.6 years of service at Traxión*.

The average attendance at Board meetings in 2023 was 100%. Our directors receive compensation for their participation in Board meetings, which is proposed by the Nominations and Compensation Committee and approved by the General Shareholders' Meeting.

Our governance practices extend beyond the boardroom. We provide annual training to the members of the board on environmental, social, and governance (ESG) issues relevant to our sector. This ensures our leadership stays informed about emerging trends and potential risks that could impact our operations or financial results. We believe this ongoing education is crucial for making informed decisions that support sustainable growth in our industry.

Transparency is a key principle in our governance approach. We publish detailed information about the board members backgrounds and expertise on our website. This openness helps build trust with our stakeholders and demonstrates our commitment to responsible leadership.

* Since Traxión's IPO in 2017.

Main Committees

To support effective governance, we have established four committees that act as the working extensions on behalf of the Board: Executive, Corporate Practices and Sustainability, Nominations and Compensation, and Audit. These committees meet regularly to address specific areas of our business.

Executive Committee

The Executive Committee is responsible for reviewing the results, strategy, and relevant topics of each entity within the company, as submitted by their General Managers.

Corporate Practices and Sustainability Committee

This committee evaluates the performance and compensation of the top management, reviewing transactions with related parties, and assesses any waivers granted to Board members or top management that allow them to take advantage of business opportunities, in accordance with the Mexican Securities Market Law. The committee also monitors Traxión's Sustainability Strategy and reports to the Board of Directors on its progress, including climate-change-related risks and opportunities and other environmental and social aspects. The Group's sustainability strategy and progress are approved and monitored by the Executive President, and sustainability efforts are coordinated with the Group's corporate departments and business units through the Sustainability Committee. This ensures the integration of ESG factors at all decision-making levels. All members of the Corporate Practices and Sustainability Committee are independent, as mandated by the Mexican Securities Market Law.

Nominations and Compensation Committee

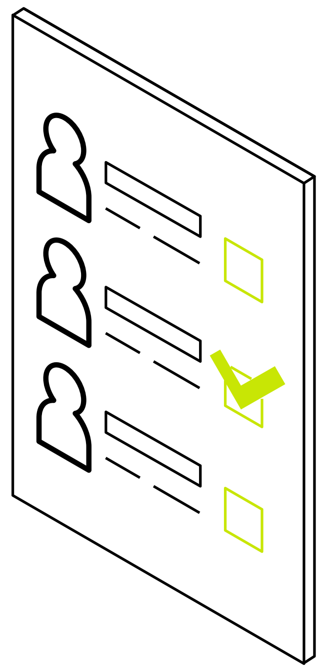
The Nominations and Compensation Committee presents a list of potential Board members to the General Shareholders Meeting whenever the tenure of a serving member is not ratified, or the number of directors is increased. It also evaluates candidates nominated by shareholder groups that hold a stake of at least 10% in the company's share capital.

Audit Committee

The Audit Committee's functions include:

- Evaluating our internal control and audit systems to identify any deficiencies.
- Monitoring and evaluating Traxión's risk exposure and management, including operational, financial, cybersecurity and climate change risks.
- Following up on corrective or preventive measures in case of non-compliance with guidelines or operational and accounting policies.
- Assessing the performance of the external auditors.
- Reviewing our financial statements and recommending their approval to the Board of Directors.
- Assessing the effects of any changes to the accounting policies approved during the fiscal year.
- Following up on measures related to observations made by shareholders, Board members, top management, employees, or third parties regarding the company's accounting, internal and external control and auditing systems, including management irregularities reported through anonymous or confidential methods.
- Overseeing compliance with resolutions of the General Shareholders Meetings and the Board of Directors.

All members of the Audit Committee are independent, as required by the Mexican Securities Market Law, and one of the members is considered a financial expert. The committee's measures, decisions, and recommendations are supported by the analysis of strategic and operational risks managed by the Corporate Risk area, taking into consideration all of the company's business units.



Auxiliary Committees

We have ten corporate and operational auxiliary committees aimed at leading and coordinating different aspects of our performance, promoting efficiencies across the Group's activities. Meetings are scheduled depending on the priority of the topics they address:

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

The Management Committee conducts a monthly review of key indicators against established annual goals and reports to the Executive Committee quarterly.

Top Management

Our executives are highly skilled professionals committed to diligent operation and the strategic growth of Traxión, implementing the guidelines established by the Board of Directors.

Remuneration for the CEO and top management includes a variable component based on the Group's ability to meet business goals, primarily EBITDA, and performance indicators related to the company management, such as fuel efficiency which directly impacts greenhouse gas emissions. Furthermore, the variable compensation of our Chief Sustainability Officer is tied to the company´s external ESG performance ratings.

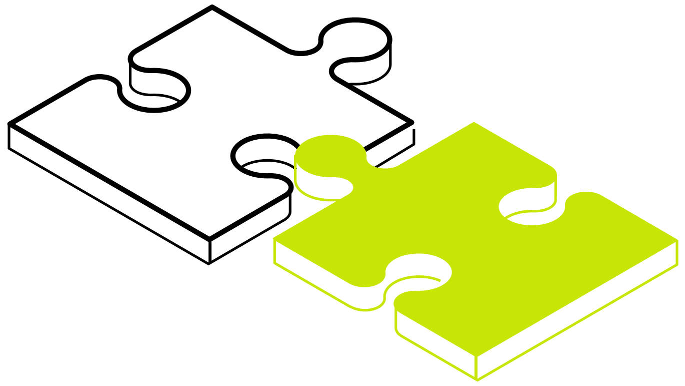
We continue to develop a set of indicators related to critical ESG issues, which will complement the currently monitored indicators and others of growing relevance for the company, and which will have an impact on the variable remuneration of all managerial positions, including the top management.

The CEO's compensation structure consists of 52% fixed and 48% variable (annual bonus). We also have a long-term incentive program for key members of the senior management in the form of a stock option plan. This program is linked to the company's share price and can only be cashed out after three consecutive years of service from the date of assignment.

GRI 2-25, 2-26, 2-27, 205-1, 205-2, 205-3, 206-1, 3-3, 307-1, 406-1, 415-1, 416-2
SASB SV-PS-510a.1, SASB SV-PS-510a.2, TR-AF-310a.2

Ethics and compliance

Our comprehensive approach to ethics and compliance encompasses the applicable laws and regulations and a wide range of policies and practices designed to ensure we always operate with integrity.



We have developed a **Code of Ethics** that serves as a guidepost for our employees, outlining expected behaviors and the consequences of non-compliance. This code is complemented by specific **policies**:

- Anti-Corruption and Integrity Policy
- Policy for Preventing and Identifying Operations made with Illicit Resources
- Policy for Operations with Related Parties
- Compliance Policy
- Protocol to Prevent Discrimination and Address Cases of Violence, Harassment, and Sexual Harassment and to Eradicate Forced and Child Labor, and Policy to Identify and Prevent Psychosocial Risks
- Diversity and Inclusion Policy
- Occupational Health and Safety Policy
- Human Rights Policy

To embed these principles throughout our organization, we have implemented a thorough training program. All new hires receive ethics and compliance training during their onboarding process, and we have an online course for all employees to reinforce our Code of Ethics and related key policies. Furthermore, all employees in leadership positions receive annual training on anti-corruption to ensure ongoing awareness and compliance. Additionally, our anti-corruption policies and procedures have been communicated to all our board members, and in 2023, all of them received training on anti-corruption topics.

We recognize that our commitment to ethical practices must extend beyond our immediate workforce. As such, we require from all our partners, suppliers, and contractors to adhere to our ethical standards by signing a letter of commitment to our Code of Ethics and Conduct and relevant policies when they are incorporated into our systems or renewing contracts.

Transparency and accountability are central to our ethics and compliance efforts. We maintain a public reporting line that allows both employees and external stakeholders to report potential non-compliance issues confidentially and anonymously. Our Corporate Internal Audit Department, which reports directly to the Audit Committee, manages this system independently from all other areas and departments of the company. All reports are thoroughly reviewed, classified, and addressed with appropriate measures. In 2023, we handled 63 valid cases through this reporting line, demonstrating our commitment to addressing concerns promptly and effectively. Details of their nature and the measures taken are included in our Appendix I ESG Results – Governance Dimension.

In addition to addressing reports, we also conduct audits of processes and facilities across our business units to detect and address potential policy breaches.

Our dedication to compliance extends to data protection and information disclosure. We strictly adhere to the law regarding the protection and use of information provided by our customers, suppliers, and employees. Our privacy notice clearly outlines our data practices and the rights of individuals to access, rectify, cancel, or oppose (ARCO) the use of their personal information. Additionally, we maintain an Information Disclosure Policy to ensure transparent communication with shareholders, investors, and other stakeholders.

In line with our commitment to responsible business practices, we refrain from making political contributions. However, we actively engage with industry associations to participate in sector-level discussions on public issues. We collaborated with the Mexican Cargo Transport Chamber (CANACAR), allocating $1,358,000 MXN, and $60,000 MXN for the Mexican Association of Hydrogen in 2023, reflecting our commitment to advancing the interests of the trucking industry as a whole. For more on our affiliations, see the Appendix II.2.

We are proud to report that our strict adherence to internal and external regulations has resulted in no sanctions for corruption, antitrust practices, or non-compliance with labor or environmental regulations.

Certified Management Systems

Currently, we hold ISO 37001:2016 certification for Anti-Corruption Management Systems and a Compliance Certificate for ISO 19600:2014 for Compliance Management Systems in Fiscal Management and Money Laundering Prevention. In 2024, we plan to recertify ISO 37001:2016 and aim to obtain certification for ISO 37301:2021 in Compliance Management Systems. These certifications underscore our dedication to preventing, detecting, and addressing potential issues related to corruption, tax evasion, and financial misconduct within our organization.

Our management systems are designed to foster a culture of integrity and responsible business conduct throughout the company. By implementing robust processes and controls, we aim to safeguard our operations against unethical practices and maintain the trust of our stakeholders. We actively engage with our employees, customers, and partners to address concerns and continuously improve our ethical standards. As we move forward, we remain committed to enhancing our business ethics framework and ensuring that our values guide every aspect of our operations.

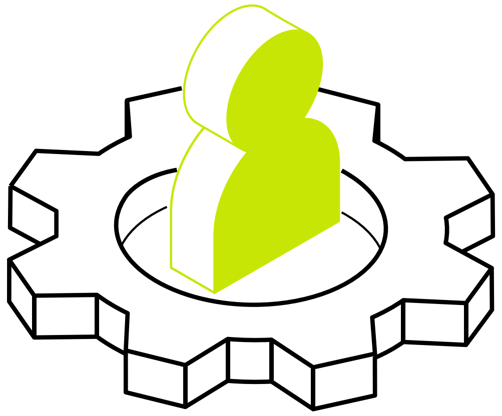
Risk management

At Traxión, we understand the importance of managing risks in our operations. We have developed a comprehensive approach to identify and address potential threats to our business, employees, and stakeholders. Our risk management system is based on ISO 31000 and is led by our Corporate Risk area, with input from various departments across the company. We regularly assess both immediate and long-term risks, including those related to environmental, social, and governance (ESG) factors that could impact our industry, supported by our sustainability team.

Our guidelines are established in the General Risk Management Policy and the Strategic Risk Management Policy. The annual work plan, based on risk prioritization and including key prevention and mitigation measures, is approved by the Audit Committee, with input from independent Board members. Employees participate in the identification of risks and the development of corresponding mitigation measures.

We place special emphasis on identifying, prioritizing, and addressing risks related to climate change, both physical and transitional, and risks related to human rights in our direct activities and across the value chain.

By proactively addressing these risks and seeking opportunities for improvement, we aim to create long-term value for our stakeholders while contributing to sustainable development goals (SDGs) in the regions where we operate. The risks identified and prioritized have been key in determining our ESG material topics, including financially critical ones (financial materiality), and in establishing the organization´s sustainability-related priorities. The main risks identified, and emerging risks are detailed in Appendix II.3 – Risk Management.



People: Human Capital

People: Human Capital

Traxión operates within highly competitive industries both commercially and in regard to our most precious resource: People. Therefore, we continually develop and improve our **Human Capital strategy** within the following **pillars**:

Attraction of the best talent at all levels.

Employee and career development.

Retention of talent.

Culture homogenization across all business units, including new acquisitions, and alignment with our company values and philosophy.

In 2023, labor reforms and heightened competition for human capital within our industry and from other industries, driven by nearshoring activity in Mexico and the growth of transportation and delivery services platforms (e.g., Uber, Didi, Rappi), presented challenges such as increased labor costs, turnover pressures, and added complexity in union management.

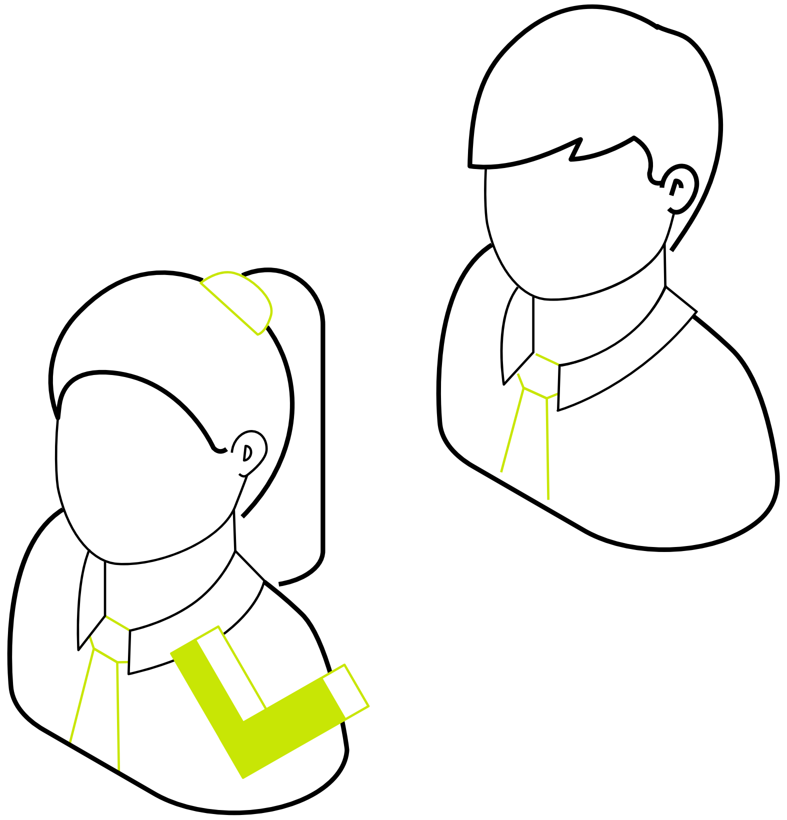
However, we successfully managed to pass some costs to customers, mitigating the financial impact while controlling turnover thanks to timely and effective human capital strategies. As a result, our operational coverage remains above 98% in all three segments, positioning us approximately 10 points above the market average. We achieved an annual operational turnover rate below 80%, placing us roughly 20 points below the market average.

Additionally, strong relationships with over 25 union leaders across more than 65 work centers have ensured labor peace and business continuity within a changing regulatory landscape, as we continued to comply with increased occupational health regulations.

We are committed to fostering a diverse and inclusive work environment.

In 2023, we designated gender diversity–specifically the inclusion of more women in our workforce–as a key group priority. This is important from both a social and economic perspective in Mexico, where women comprise 40% of the workforce but less than 2% in the transport sector.

To achieve this, we have set a goal of reaching 30% women's participation in our total workforce by 2030, up from 17.5% at the end of 2023. Our main challenge and opportunity lie in increasing the participation of women as power unit operators, which was only 3% by year-end.



GRI 2-7, 2-30, 3-3, 405-1
SASB TR-RO-000.C, TR-AF-000.C, SV-PS-000.A, SV-PS-330a.1

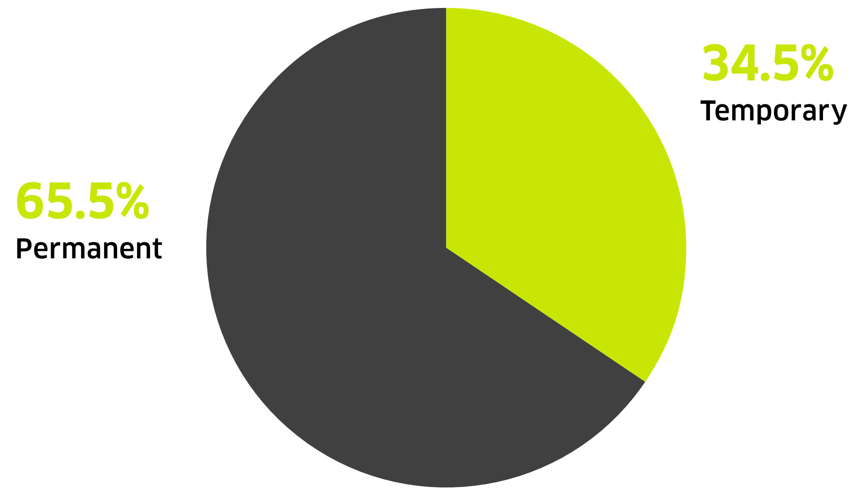
Labor Demographics

We take pride in our highly committed team of 22,196 employees, which grew by 10.5% over the past year. Recognizing that our people are the backbone of our operations, we prioritize their safety, health, and well-being, investing in their growth and development to ensure they can perform at their best.

Our team structure reflects the diverse needs of our operations, with 50.4% of our workforce consisting of operators who are at the heart of our transportation services. We also value the contributions of our administrative staff (23.7%), other operational staff (19.6%), commercial team (3.4%), and executives (2.9%), creating a well-balanced mix that enables us to effectively manage all aspects of our business. To meet the dynamic demands of our industry while providing job security, we offer both permanent (65.5%) and temporary (34.5%) contracts for new hires. This flexible approach allows us to adapt to seasonal fluctuations while maintaining a stable core workforce.

22,196
employees

TYPE OF CONTRACT



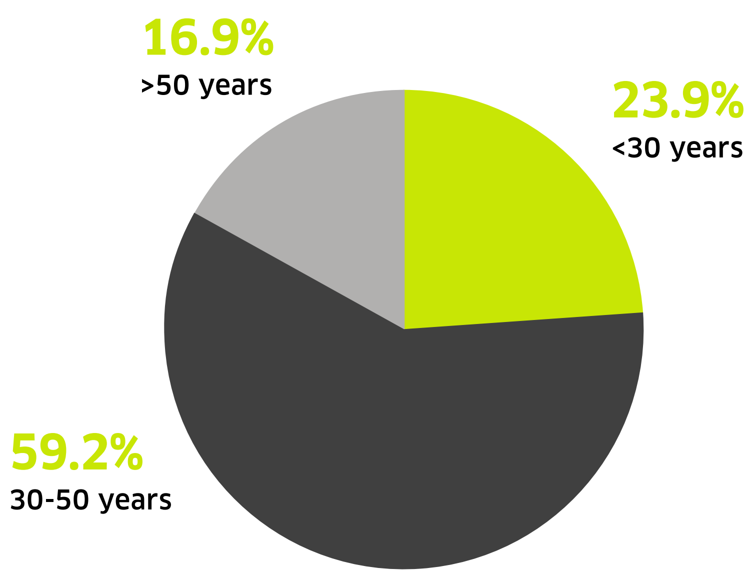
Note: Due to the increase in new hires and the dynamic nature of operations, the percentage of temporary contracts has risen compared to 2022.

EMPLOYEES IN 2023

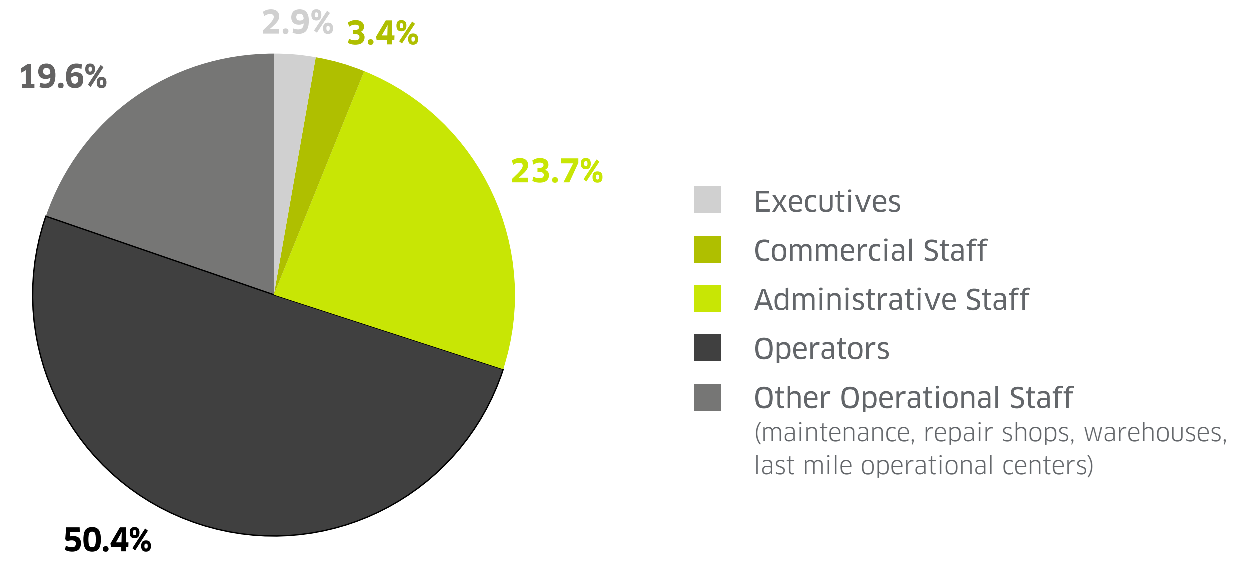
	Younger than 30		Between 30 and 50		Older than 50		Total		Total %	
	W	M	W	M	W	M	W	M	W	M
Top Management	1	0	7	65	11	53	**19**	**118**	**13.9**	**86.1**
Middle Management	4	17	103	260	22	88	**129**	**365**	**26.1**	**73.9**
Commercial Staff	85	65	198	346	26	36	**309**	**447**	**40.9**	**59.1**
Administrative Staff	732	838	1,143	1,978	178	397	**2,053**	**3,213**	**39.0**	**61.0**
Transportation Unit Operators	73	1,829	215	6,742	28	2,298	**316**	**10,869**	**2.8**	**97.2**
Other Operational Staff	458	1,197	492	1,599	104	508	**1,054**	**3,304**	**24.2**	**75.8**
Total Workforce	**1,353**	**3,946**	**1,682**	**10,990**	**259**	**3,380**	**3,880**	**18,316**	**17.5**	**82.5**
Total								**22,196**		**100%**

W Women
M Men

AGE



EMPLOYMENT CATEGORY



We are committed to fostering a diverse and inclusive work environment, where equal opportunities are provided to all employees regardless of their demographic characteristics and background. We take pride in our efforts to increase gender diversity, with women currently representing 17.5% of our workforce.

As of December 31, 2023, 69.7% of our employees were unionized. We maintain strong relationships and ensure freedom of association with our unionized workers through collective bargaining agreements, which are negotiated collaboratively to ensure productivity levels and job security. These agreements, covering all unionized employees, are regularly reviewed and comply with Federal Labor Law requirements.

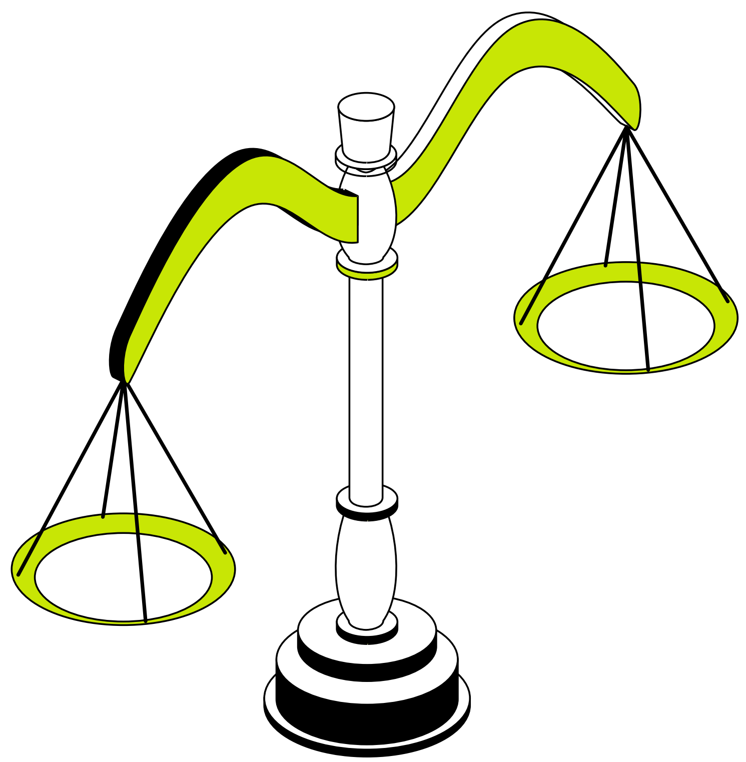
We are committed to upholding fair labor practices throughout our operations and supply chain. We have implemented the Traxión Protocol, a comprehensive set of standards that outlines our approach to preventing forced labor and ensuring compliance with human rights best practices.

In 2023, we completed a comprehensive assessment of potential human rights risks across our operations and value chain, leading to the development of our Human Rights Policy.

By prioritizing these risks based on their severity and likelihood, we established targeted prevention and mitigation strategies. Additionally, we are enhancing our remediation measures to effectively address any risks that materialize into actual impacts.

Our policy reflects our dedication to upholding the highest standards of human rights in all aspects of our operations and ensures that we create a safe, fair, and inclusive environment for all our employees. For more details, please refer to the Appendix II.4 Due Diligence in Human Rights.

To further strengthen our commitment, we have developed a Code of Ethics and Conduct for our partners, suppliers, and contractors, which complements the Traxión Protocol. By taking these proactive measures, we aim to create a fair and ethical work environment for all employees and workers associated with our operations, while also setting a positive example for the industry as a whole.



GRI 3-3, 405-1, 405-2

Diversity and Inclusion

At Traxión, we respect and celebrate diversity in all its forms.

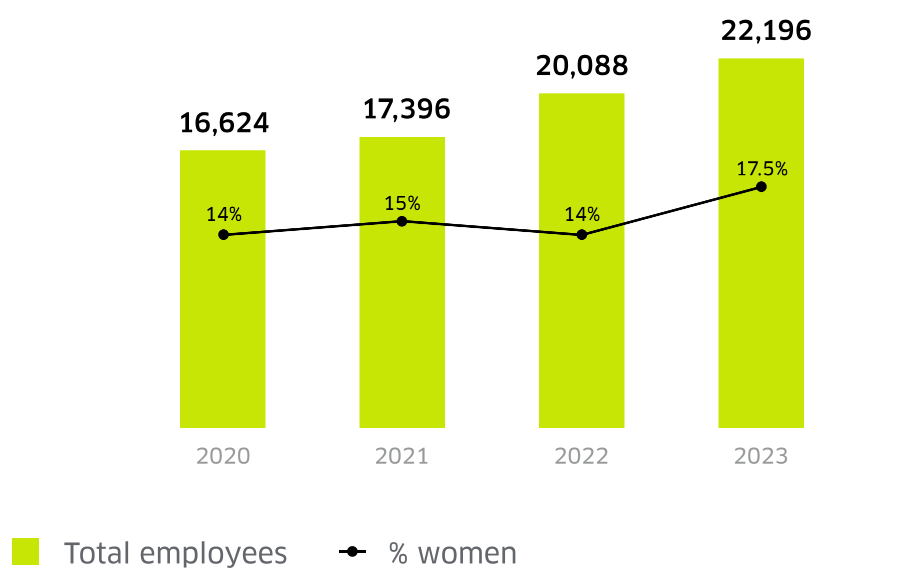
This includes, but is not limited to, diversity of gender, sexual orientation, race, ethnicity, age, disability, and cultural background. We are committed to fostering an inclusive work environment where every individual feels valued and respected. Our dedication to diversity and inclusion is evident in our policies, practices, and company culture. By embracing a wide range of perspectives and experiences, we strengthen our organization and drive innovation and growth.

We firmly believe that our workforce's diverse cultural, social, and personal attributes reflect the variety of markets we operate in. Embracing these differences enables us to better connect with our clients' needs, allowing us to design and implement innovative and successful solutions. As such, we value and promote diversity and inclusion as key factors for our business success.

Based on our Diversity and Inclusion Policy, we promote an all-embracing work culture of diversity, ensuring labor equality, non-discrimination, and inclusion of all our employees.

Our commitment to gender diversity is reflected in our workforce composition, with 17.5% women, an increase of 3.9% compared to 2022, with a 23.5% in top and middle management roles, and 14.2% in STEM positions, but we know there's room for improvement. That is why in 2023 we have launched a program to bring more women into operational roles in our Cargo Mobility, People Mobility, and Logistics and Technology segments. We expect to complete the pilot phase during 2024, and subsequently, we will address the identified areas of opportunity and gradually expand its application to more operations. This initiative tackles challenges in recruiting, developing, and keeping talented women in our company.

TOTAL EMPLOYEES |% WOMEN



We are also working on a broader strategy to promote gender equality across all levels, including several key initiatives:

- **Enhancing the Capabilities of the Human Capital Team:** We are investing in the training and development of our Human Capital team to ensure they are equipped with the skills and knowledge needed to effectively promote and support gender equality within the organization.
- **Executing Awareness and Internal Communications Campaigns:** We are launching targeted awareness campaigns and internal communications efforts to educate our workforce about the importance of gender equality and to foster a culture of inclusivity and respect.
- **Collaborating with Specialized External Partners:** To broaden our recruitment scope, we are partnering with specialized external allies to develop a recruitment marketing strategy that emphasizes the presence and contributions of women in the workplace. This includes showcasing female role models and promoting gender diversity in our hiring practices.
- **Providing Additional Training in Soft and Hard Skills:** We are offering targeted training programs to help close the experience gap between genders. These programs focus on both soft skills, such as leadership and communication, and hard skills relevant to specific roles, ensuring that all employees have equal opportunities for career advancement.

By implementing these initiatives, we aim to create a more equitable workplace where all employees, regardless of gender, can thrive and contribute to our collective success.

Additionally, our corporate guidelines mandate that at least one woman must be included in the final pool of three candidates considered for administrative vacancies. We also place a strong emphasis on integrating women into technical teams to leverage the growing number of professional women in our workforce.

We conducted our first gender pay gap analysis in 2023, which showed a mean gender pay gap of 0.2%, and a median gender pay gap of 0.3%. Since bonuses paid at Traxión are a multiple of basic pay, by definition the mean and median gender bonus gaps are the same as the pay gaps, 0.2% and 0.3% correspondingly.

Regarding other diversities, we provide job opportunities for people with disabilities, ensuring an inclusive environment with the necessary conditions for them to safely perform their jobs. In 2023, we had 8 employees with disabilities. To further our commitment to inclusivity, we conducted a comprehensive analysis aimed at enhancing the accessibility of our main facilities. This initiative reflects our dedication to ensuring that all employees, clients, and visitors can navigate our spaces with ease and dignity. We identified key areas for improvement, including physical infrastructure modifications, the installation of assistive technologies, and the implementation of clear signage. Moving forward, we plan to continuously assess and update our facilities to meet the evolving needs of our diverse community and comply with best practices and regulatory standards. This ongoing effort underscores our commitment to creating an inclusive environment where everyone has equal access and opportunities.

We offer a welcoming work environment that fosters integration and a sense of belonging, with respect for diversity, and zero tolerance for any kind of discrimination.

GRI 3-3, 401-1
SASB TR-RO-320a.3

Attraction and Retention

Due to the high demand for our services, we have consistently expanded our workforce with professionals suited to handle new operations and address our turnover needs.

We strive to work with the best talent by evaluating the capabilities and expertise of each candidate, without distinction for gender, age, religion, ethnic origin, political preferences, or socioeconomic status.

Historically, the recruitment and retention of operators have been significant challenges for the transportation and logistics sector. However, we have overcome this challenge through robust recruitment and selection processes, as well as comprehensive retention plans that stand out as best practices in the industry.

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

By the end of 2023, our operational staff coverage reached 98%, leading the industry in Mexico by over 10 points. Throughout the year, we hired 21,731 employees, of whom 15.8% were women. Our new hire rate[1] of 97.9% can be partially attributed to the sector's high turnover rates in operator positions, which continued to increase in 2023 due mainly to heightened competition for human capital within our industry and from other industries, including transport and delivery platforms.

For details on turnover indicators, please refer to the Appendix I: ESG Results – Social Dimension.

We have redesigned and launched a more robust personnel selection process that includes personality tests, skill assessments, and integrity evaluations, with specific profiles tailored for each position, from operational and administrative roles to executive levels. This comprehensive approach ensures we match the right talent to the right roles, enhancing both the efficiency and effectiveness of our hiring process.

Additionally, we are enhancing our hiring practices through "Smart Hiring", a new initiative designed to train our managers in competency-based interviewing techniques. By equipping our leadership team with the skills to conduct targeted interviews, we aim to better assess candidates' abilities and fit for specific roles. We anticipate it will significantly improve our ability to identify and select candidates who are not only skilled but also well-suited to thrive within our company culture.

On average, hiring costs in the Cargo Mobility segment were $21,083 pesos, in the People Mobility segment were at $13,837 pesos, and in the Logistics and Technology segment were $15,687 pesos (includes warehouse personnel).

Our employer brand plays a pivotal role in attracting and retaining top talent. By establishing a strong and positive image, we ensure that we stand out in the competitive job market. Our employer brand reflects our commitment to providing a supportive and dynamic work environment where employees can thrive. This helps us effectively communicate our unique values, culture, and opportunities, ultimately attracting individuals who align with our mission and contribute to our success. By continuously nurturing our employer brand, we build a loyal and motivated workforce that drives our company forward.

To further support our efforts, we continue implementing the Operator Retention Guide within our Cargo Mobility and People Mobility segments. This guide helps each company identify areas for improvement and subsequently develop a tailored action plan to address these opportunities. By systematically addressing these areas, we ensure ongoing enhancements in our operator retention strategies and continue to support our teams effectively.

GRI 3-3, 404-1, 404-2, 404-3

Training and Development

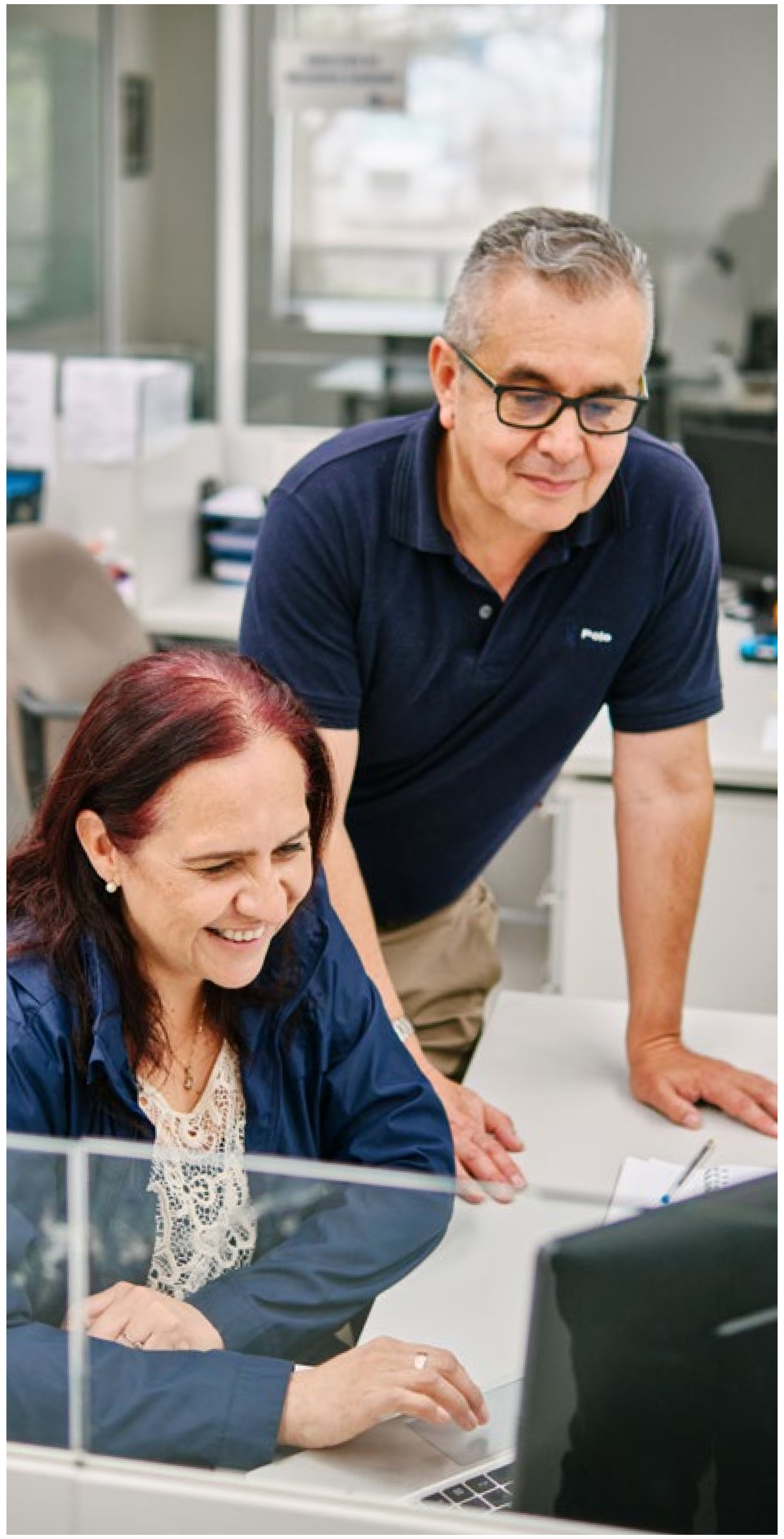
At Traxión, we are deeply committed to fostering a skilled workforce.

Our comprehensive training programs span all levels of the organization, from operational staff to top management. During 2023, we invested $47.3 million pesos in training, compared to $12.7 in 2022 and $8.9 in 2021, demonstrating our dedication to developing these programs.

Training programs

We leverage technology to expand the reach of our training initiatives through online courses and webinars that benefit all employees. Our digital platform offers training sessions on our code of ethics, corporate policies, and topics related to sustainability. Additionally, this platform provides a variety of courses on different subjects, available for employees to take virtually at any time, enhancing their skills and competencies.

We also focus on developing and training potential operators who are pre-recruited and evaluated. For both the People Mobility and Cargo Mobility segments, we have established Training Centers for Traxión Operators (talent pools). Candidates receive monetary remuneration during the training period, which can last up to several weeks depending on the segment, and successful trainees are subsequently hired by the company. Participation in these talent pools is open to all genders, and we have intensified efforts to increase women's participation in the traditionally male-dominated industry, offering dedicated training programs for women without prior experience. These efforts are complemented by a broader strategy to increase the number of women in the company as a whole, with particular emphasis on the operator segment.



This year, we have significantly enhanced our onboarding training program for new employees and continued to improve the ongoing training for all our staff. We have designed and implemented a series of courses focused on the following topics, with the goal of ensuring a more effective and swift integration into our organizational culture and operational processes, as well as continuous development for all employees.

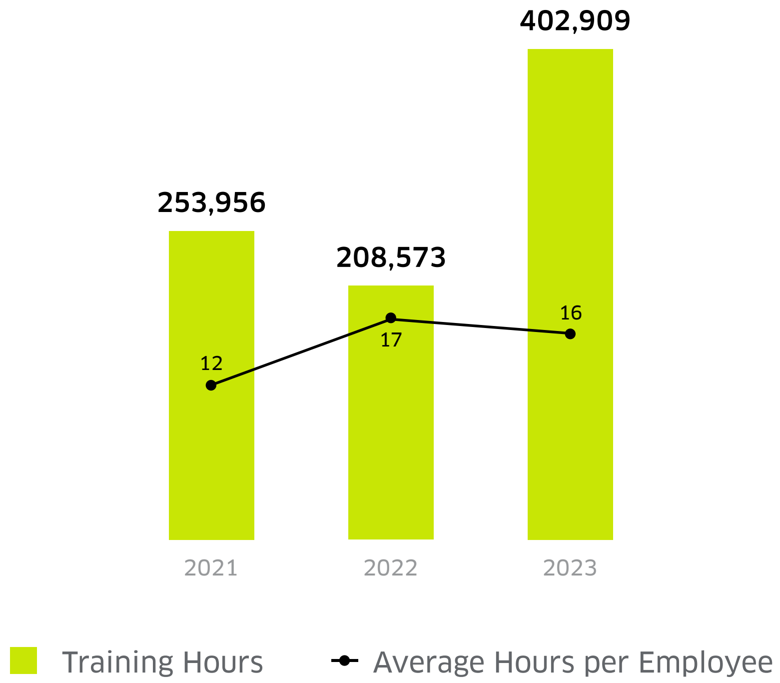
The courses include:

- **Company Culture and Values:** Helping all employees understand and embrace our mission, vision, and core values.
- **Processes and Operations:** Detailed training on our internal and operational processes for each segment, ensuring every employee understands their role and how to contribute to the team's success.
- **Safe and Eco-Efficient Driving Practices:** This training is designed to enhance the skills and knowledge of our drivers, focusing on techniques and protocols that ensure the highest standards of safety on the road and fuel efficiency, with a direct positive impact on monetary savings and carbon emissions reduction. It includes practical sessions, theoretical instruction and on-board audits and training on defensive driving, fuel efficiency driving habits, vehicle maintenance, and emergency response.
- **Tools and Technologies:** Instruction on the use of the tools and technologies we employ, facilitating a quicker and more efficient adaptation to the work environment.
- **Skills Development:** Personal and professional development programs to enhance the skills and competencies necessary for success in their roles.
- **Safety, Health, and Environment:** Comprehensive training on diverse environmental, occupational health and safety practices, emphasizing our commitment to protecting our employees, their wellness, and the environment.
- **Customer Service:** The program is dedicated to fostering exceptional service standards among our team members. This program covers essential aspects of effective communication, problem-solving, and customer relationship management. Participants learn how to handle customer inquiries professionally, resolve issues efficiently, and provide a positive customer experience.

We annually upgrade our training courses to address the needs identified across Traxión through a collaborative process involving team leaders and the analysis of performance evaluation results.

In 2023, we provided 402,909 hours of training, with an average of 16 hours per employee.

TRAINING



Through these efforts, we aim to provide not only a warm and comprehensive welcome for new employees but also continuous learning and development opportunities for all our staff, ensuring they have the tools and knowledge needed to contribute effectively and meaningfully from day one and throughout their careers at Traxión.

Development programs

Executive Coaching Program

An Executive Coaching Program is offered by the corporate human capital department in collaboration with external specialists. It spans 9 months, including a diagnostic phase and a total of 12 coaching sessions.

The business benefits of this program are substantial. It aims to increase individual effectiveness, enhance interpersonal skills, and develop leadership at all levels within the organization. The objectives of the program include becoming more effective in work, relationships, and personal life; incorporating integral skills and capabilities to guide teams more effectively and boost problem-solving skills; aligning personal goals with organizational objectives; identifying learning gaps and defining action plans to close them; addressing business challenges with sustainable results over time; and understanding the impact of one's leadership style on the organization, teams, and overall effectiveness as a leader.

In 2023, 12 top executives participated in this program, reflecting our commitment to developing strong leadership within Traxión.

MBA Graduates Program

The MBA Graduates Program is designed to hire and develop MBA graduates, creating a young talent pool capable of assuming greater responsibilities in management positions. The program is being implemented in all three business segments within Traxión. A total of 14 participants are selected for the program, with each graduate assigned to work under the supervision of different leaders for a period of 24 months. During this time, they lead 2 to 4 business projects, depending on the complexity and relevance of each project. These projects can be commercial, operational, or financial in nature.

Participants in this program must have completed an MBA and have 3 to 5 years of professional experience in multinational companies within industries such as Logistics, Manufacturing, Automotive, Consumer Goods, Retail, or Finance. Upon successful completion of their projects, the MBA graduates are permanently assigned to management positions within Traxión, ensuring a continuous influx of skilled and knowledgeable leaders into the company.

By the end of 2023, 100% of the participants were assigned to specific strategic projects. Below is a brief description of the most promising initiatives, along with their quantitative targets:

ALIGNMENT AND OPTIMIZATION OF PROCESSES AT TRAXI

+26.4 million pesos in revenue.

INTEGRATION OF ERPS

+10 million USD over 5 years.

OPERATIONAL EFFICIENCY THROUGH THE EVALUATION AND CERTIFICATION OF LOGISTICS COMPETENCIES OF EMPLOYEES

70% customer satisfaction
75% technology usage
95% efficiency in km
98% efficiency in units

OPERATIONAL EFFICIENCIES IN THE PEOPLE MOBILITY SEGMENT, NORTH REGION

Increase fuel efficiency by **+25%**
Increase kilometers traveled by **+40%**

GENDER DIVERSITY IN THE PEOPLE MOBILITY SEGMENT, PACIFIC REGION

Achieve **15%** women in the workforce by 2025.

SOLAR PANELS FOR AIR CONDITIONERS IN TRACTOR-TRAILERS

Reduce minor air conditioner repairs in tractor-trailers by **75%**.
Achieve fuel efficiency of **2.8 km/lt**.

Leadership Program
The Leadership Program is structured around five modules designed to strengthen self-management and promote the development of key competencies in leaders from various levels within the organization. This program aims to positively impact organizational culture and team dynamics while achieving expected business results. The five modules cover Team Leadership, Creative Thinking, People Development, Execution Experience, and Resource and Budget Optimization. By focusing on these areas, the program ensures that leaders are well-equipped to handle various challenges and drive the organization forward. In 2023, 115 leaders from different levels participated in this program, demonstrating our commitment to developing strong leadership across Traxión.

Hopper School
Hopper School is an initiative aimed at promoting the development of operators by training them in the operation and handling of self-unloading hopper trucks through internal instructors. This highly specialized training equips operators with both theoretical and practical knowledge, enabling them to work in circuits where these units are used, which translates into professional growth, higher remuneration and better salary prospects. In 2023, 63 of our operators participated and graduated from this program, allowing them to increase their income by at least 50%, demonstrating Traxión's commitment to enhancing their skills and career development. By providing this training, Traxión ensures that its operators are proficient in handling specialized equipment, contributing to the overall efficiency and productivity of the company. Our goal for next year is to offer this training as part of the specialized program for women without prior experience, thereby opening a highly professionalized career path for them.

We foster career development opportunities within the company, supported by the training our employees receive and their commitment.

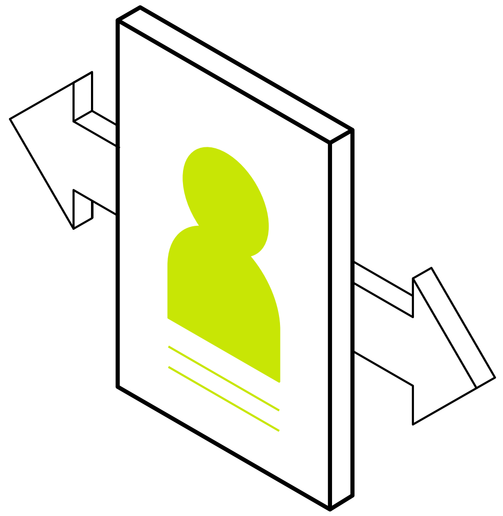
In 2023, 13% of the vacancies that became available were filled by our existing employees. Of this we estimate that, 6.5% were women. These statistics refer to the totality of vacancies in the company, most of which were entry-level positions (operational and administrative staff), which are typically not filled by current employees.

Performance appraisal

We conduct annual performance appraisals for all employees, assessing them based on specific objectives established for their roles. These objectives may include metrics such as fuel efficiency, revenue and growth, business profitability, sales, cash flow, and customer service, among others.

To ensure a comprehensive evaluation, we use various mechanisms tailored to the specific activities and responsibilities of each employee. This includes Management by Objectives (MBO), where performance is measured against clear, measurable goals aligned with organizational targets. We also utilize Multidimensional Performance Appraisal, which involves assessing performance from multiple perspectives and sources of feedback. Additionally, Agile Conversations are employed, allowing for regular, informal discussions to provide ongoing feedback and address performance issues or development needs in a timely manner.

In 2023, we successfully evaluated 100% of our employees using these criteria and mechanisms mentioned. This rigorous approach ensures that each employee's performance is thoroughly assessed and aligned with our organizational goals, contributing to both individual growth and overall business success.



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

Occupational Health and safety

Safety and Health Management System

At Traxión, we prioritize the health and safety of our employees and contractors. We are currently developing a comprehensive Safety and Health Management System based on ISO 45001 requirements, which will be implemented across all our business units. This system includes an Occupational Health and Safety Policy that outlines our commitment to continuous improvement of our management system, prioritization and follow-up of action plans, and monitoring the performance of our key performance indicators (KPIs). This policy has been approved by the board of directors and applies to both employees and third parties working at our facilities. We also comply with all Official Mexican Standards related to health and safety set by the Ministry of Labor and Social Welfare (STPS).

In mid-2023, we created the Corporate Safety and Environment Management position to strengthen the management of these areas and standardize best practices across all Traxión business segments.

This new position works closely with the Occupational Health Management, which was created in 2022, to develop plans and programs aimed at achieving zero incidents and creating safe and healthy work environments for all our employees.

We also formed an Occupational Safety and Health Committee, bringing together safety leaders from each business unit to share best practices, lessons learned and monitor performance indicators. Additionally, at all our business units we have a Safety and Hygiene Commission, in which employees and union representatives participate. The commission conducts inspections of the facilities to identify dangerous or unsafe conditions and behaviors in work areas, and to suggest and monitor the implementation of preventive or corrective measures to mitigate work-related risks. It also informs employees about the result of health and safety studies performed over the course of the year and participates in the investigation of work-related incidents or diseases in our business units.

We conducted diagnostic assessments and internal inspections that involved site visits to evaluate compliance with health and safety requirements, as well as the processes developed in each business unit. Following these assessments, we created work plans to address identified areas of opportunity and to implement standardized processes. This diagnostic phase also helped us identify necessary improvements in our facilities and allocate a budget to address these issues.

Occupational Health and Safety Programs

As part of our safety and health programs, we have processes for hazard identification, risk assessment, and control implementation across all our business units. We prioritize significant risks and establish action plans with measurable objectives. We have emergency response plans and periodic training for our brigades to ensure they have the theoretical and practical knowledge and competencies to handle such events if necessary. Our incident investigation process involves root cause analysis to prevent recurrence, and lessons learned are shared with other business units to implement preventive actions and avoid similar situations.

We closely monitor safety and health indicators on a monthly basis. These indicators cover areas such as legal and regulatory compliance, number of incidents, occupational diseases, progress in process implementation, and more. Since 2023, we have expanded our monitoring to include contractor injuries and fatalities, emphasizing our commitment to the safety of all workers associated with our operations.

To further enhance our safety measures, we plan to integrate health, safety, and environmental requirements into our procurement contracts. This will ensure that our commitment to these topics extends throughout our supply chain and business relationships, creating a safer environment for everyone involved in our operations.

This year, we provided over 15 comprehensive training courses to our employees, focusing on critical areas such as safe driving techniques, proper handling of hazardous materials, emergency response procedures and various other health and safety topics. These courses are essential for ensuring the safety and well-being of our employees across all business segments. By offering these training programs, we aim to enhance the safety culture within Traxión by raising awareness, to reduce incidents, and to ensure that our employees are well-prepared to handle any challenges they may encounter in their roles.

For details on health and safety indicators, please refer to the Appendix I: ESG Results - Social Dimension.

Road Traffic Safety Management System

Road safety is crucial in our daily operations. Our commitment is exemplified by our robust Road Traffic Safety Management System, which has earned ISO 39001 certification for three of our business units. This system encompasses comprehensive policies and procedures that address crucial aspects of road safety, including operator rest periods, alcohol and drug screening, defensive driving, and thorough incident investigations. We have also invested in equipping our fleet with advanced anti-collision systems and other technologies, significantly reducing the frequency and severity of road incidents.

To further enhance our safety measures, we have implemented control dashboards that allow us to monitor and improve driving habits, ensuring our operators are not working when fatigued. We strictly adhere to Mexican NOM-087-SCT-2017 regulations, which govern driving and resting times for transportation operators, a critical step in reducing highway incidents. Our commitment to safety extends beyond mere compliance; we have conducted risk assessments to identify our main operational risks and track incident indicators as part of our company's Balanced Scorecard. This data-driven approach enables us to develop targeted plans for reducing road incidents and continuously improve our safety performance.

In our People Mobility segment, we are fostering a strong safety culture that prioritizes risk mitigation for both our operators and passengers. We have designed job profiles to identify safety-oriented skills and have integrated specialized personnel into our organizational structure to address key risk areas, including psychology, road safety, training, and medical services. Our operators undergo comprehensive training in road safety practices, equipping them with the knowledge and skills to prevent risks effectively. **To ensure the ongoing effectiveness of our safety measures, we conduct regular internal and external audits.**

Health and Wellness

The Corporate Occupational Health Manager, part of the Human Capital Department, coordinates and supervises all of Traxion´s medical services, which in 2023 spanned 45 medical offices, staffed by 65 doctors and nurses. The medical services are responsible for preventing occupational risks, leading health and prevention campaigns, conducting medical awareness and sensitization campaigns, monitoring and evaluating medical conditions (including entry medical examinations and periodic health surveillance), investigating incidents, providing health and wellness counseling, and managing and responding to medical emergencies. **All medical services are available at our business units to provide attention to our employees.**

We have developed and implemented a permanent health oversight program to diagnose, treat, and monitor work-related diseases and contain general illnesses. This program involves identifying health problems and risks through initial and regular medical exams, defining and regularly monitoring occupational health indicators, and promoting employee participation in health training courses, campaigns, and other programs to create a culture of prevention, ensure a healthy work environment and promote healthy habits and wellbeing in general.

In 2023, we internally developed a Digital Medical Record Platform, which stores all employees clinical and medical data since they begin working at Traxión, including medical notes, drug test results, alcohol tests, etc. Access is restricted with a username, password, and professional license only for our doctors. The medical department maintains the medical record, generates diagnoses, provides follow-up and medical treatment, and performs clinical evaluations to determine the medical fitness for each job position.

We provide a helpline for all employees and their families, offering medical, psychological, and nutritional guidance. We also promote health through fairs, monthly awareness campaigns, vaccination campaigns, and weekly medical virtual talks.

In 2023, we monitored the implementation of the action plans resulting from the psycho-social risks diagnosis required by the Mexican norm NOM-035-STPS-2018. This evaluation considers workplace environmental conditions, work intensity, mental effort, job activities, responsibilities, decision-making capacity, workday duration, interference with personal or family activities, training received, relationships with supervisors and colleagues, job commitment and satisfaction, and experiences of workplace violence.

Our approach to employee health and safety is both comprehensive and dynamic. We are committed to continually enhancing our processes, learning from incidents, and adopting best practices to ensure the highest standards. By prioritizing the well-being of our workforce, we not only meet international standards but also foster a culture of safety, health, and wellness that is vital to our industry. This ongoing commitment underscores our dedication to providing a safe and supportive work environment for all employees.

For more information on occupational health and safety, please refer to Appendix I: ESG Results - Social Dimension.

GRI 3-3, 401-2, 401-3, 405-2

Compensation and Benefits

Employee compensation is based on our own standardized pay scale, thus avoiding biases related to all forms of diversity.

Across all our business units, we provide our employees with the benefits mandated by the Federal Labor Law in Mexico such as health care, parental leave, disability and invalidity coverage, and in most cases, we offer additional benefits. These enhanced benefits are designed to support our employees' well-being and job satisfaction, reflecting our commitment to their overall quality of life.

By going beyond the legal requirements, we aim to create a more supportive and rewarding work environment, which helps us attract and retain top talent in the industry.

Variable Compensation Schemes

- **Operators:** Variable compensation is determined by the achievement of goals related to fuel efficiency, productivity, and customer service. Evaluations are conducted on a weekly basis.
- **Salesforce:** Commissions are awarded based on achievement of sales and customer service objectives.
- **Top and Middle Management:** Annual performance bonuses are granted based on the achievement of business objectives and results related to six factors (revenue and profitability, human capital, marginal contribution, flow, operation, and customer satisfaction). These factors are established and evaluated annually by the Human Capital and Operational Excellence teams for each business unit and are approved by the CEO.

Additionally, we have several well-being initiatives in place that we develop and update over time to address the needs and expectations of our employees.

Well-being Initiatives

- **Working from Home:** For roles that can be performed remotely, we have designed work logs, letters of commitment, and a weekly program to monitor the status of deliverables. These measures ensure that remote work remains effective and efficient.

- **Breastfeeding Rooms:** Some business units have designated private and hygienic breastfeeding rooms or areas. We plan to increase the availability of these facilities in 2023 to support our employees better.

- **Active Pauses:** In the majority of our business units, we implement active pauses, allowing employees to take brief breaks during the workday. These pauses help maintain energy levels, clear minds, and reduce fatigue, contributing to overall productivity and well-being. During these active pauses, we incorporate calisthenics exercises, which can reduce the likelihood of musculoskeletal injuries.

At Traxión, we fully support the maternity and paternity rights of our employees, demonstrating our commitment to fostering a supportive work environment.

SASB SV-PS-330a.3

Culture and Work Environment

We continue to leverage the Talentrax platform, enabling us to manage our Human Capital meticulously, yielding positive results in workplace environment and employee commitment metrics. This platform utilizes Success Factors, a state-of-the-art SAP technology that ensures safe, mobile, and innovative solutions.

Our efforts in 2023 included conducting an internal communication diagnosis and strategy with an external provider. The objective of this initiative was to align the corporate team and the various business units within the Group towards unified goals, fostering a sense of unity and clear identity. Through this diagnosis, we identified key insights that served as the foundation for developing our internal communication strategy. This strategy ensures that all companies within the Group are informed about internal opportunities and vacancies, understand who Traxión is and what we do, and are aware of our actions for the planet and society. It also highlights significant events and activities within the Group, among other important topics.

These efforts are essential not only for enhancing internal cohesion but also for strengthening our employer brand.

By maintaining a strong and positive employer brand, we position Traxión as an attractive place to work and grow professionally, which is crucial for attracting and retaining top talent.

We have developed events aimed at fostering team integration across various departments, as well as recognition programs for our staff to enhance employee retention. These initiatives are designed to strengthen interdepartmental relationships and build a cohesive work environment, which in turn boosts job satisfaction. By celebrating individual and team achievements, we not only acknowledge the contributions of our employees but also create a supportive atmosphere that encourages long-term commitment and loyalty to the company. These efforts are crucial in maintaining a motivated workforce and ensuring that our employees feel valued and connected to our organizational goals.

In 2023, we achieved a remarkable 94% participation rate in our annual employee engagement survey. This survey evaluated several key areas crucial to our employees' experiences and satisfaction.

- **Quality of Life:** This section focused on work-life balance, assessing how well employees can manage their personal and professional responsibilities. It also evaluated the flexibility and support provided by the company, job stability, and the quality of infrastructure and safety measures in place.
- **Practices and Culture:** Here, we examined the effectiveness of internal communication and the company's commitment to diversity and inclusion. We assessed how well performance evaluations are conducted, the organization's focus on customer satisfaction, innovation, and people-centric approaches.

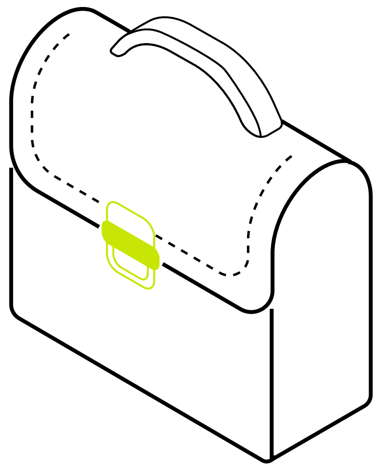
Additionally, we evaluated the support provided by various areas within the company, as well as the overall reputation and adherence to core values.

- **Compensation:** This area reviewed employee satisfaction with salaries, distinctive benefits, and recognition programs. It also considered the geographical location of the workplace and its impact on employees.
- **People:** We looked into the quality of senior leadership, unit leadership, and the roles of managers and supervisors. Collaboration among employees was also a key focus, determining how well team members work together towards common goals.
- **Work:** This section evaluated the level of autonomy and empowerment employees experience in their roles. It considered the sense of achievement derived from their tasks, opportunities for learning and development, and potential for career growth.
- **Overall Assessment:** Finally, we gauged employees' overall satisfaction, their likelihood to recommend Traxión as a great place to work, their pride in being part of the company, and their intention to stay with us long-term.

The engagement rate for 2023 was 70 of 100 possible points. Based on this result, we conducted a thorough analysis at both the group and business unit levels to create targeted action plans addressing the identified areas for improvement. This approach ensures that we remain responsive to our employees' needs and continuously work towards creating a supportive and engaging work environment. By focusing on these areas, we aim to enhance overall job satisfaction, foster a positive workplace culture, and improve our organizational performance.

In 2023, we achieved Great Place to Work recognition for two of our business units.

This prestigious award is a testament to our unwavering commitment to fostering a positive and inclusive work environment where our employees feel valued, respected, and empowered. **By building and maintaining a strong employer brand, we continue to attract and retain top talent, driving Traxión's success and growth.**



People: Community

GRI 3-3, 413-1, 413-2
SASB SV-PS-330a.3

Traxión Foundation

The Traxión Foundation, a non-profit organization, serves as Traxion's institutional social responsibility branch.

Through innovative and high-impact programs, the Foundation aims to contribute to the social development of Mexico, particularly benefiting the most vulnerable groups.

Governance

The top governance body of the Traxión Foundation is its Board of Directors, which is responsible for setting and overseeing the strategy and resource allocation.

The management team includes representatives from the Board and is headed by Traxión's Communications and Institutional Relations Director. This team reports directly to the Foundation's Board.

The programs are managed by an operational team, supported by Traxión's shared-services centers.

The Board meets at least twice a year and has the following structure:

Name	Role in the Traxión Foundation and its Board of Directors	Role in Traxión Group
Bernardo Lijtszain Bimstein	Chairman of the Board	Chairman of the Board of Directors
Alejandra Méndez Salorio	Director of the Foundation and Secretary of the Board	Director of Communications and Institutional Relations
Aby Lijtszain Chernizky	Member of the Board	Executive President and Member of the Board of Directors
Marcos Metta Cohen	Member of the Board	Member of the Board of Directors
Elias Dana Roffe	Member of the Board	Chief Operating Officer for the People Mobility Sector

Strategic Pillars

The Traxión Foundation operates programs under three strategic pillars: social mobility, social logistics, and environment. These pillars align with the UN Sustainable Development Goals (SDGs). Additionally, its programs are enhanced by the social initiatives led by Grupo Traxión's volunteers, who work in coordination with the Foundation.

Movilidad en AXIÓN

Social Mobility

Contribute to the development of vulnerable groups, especially children and youth, by committing to education as a generator of opportunities for a better quality of life.

SDG 4 QUALITY EDUCATION
Goals: 4.1, 4.2, 4.3, 4.4, 4.5, 4.7, 4.8

SDG 10 REDUCED INEQUALITIES
Goals: 10.2, 10.3

AXIÓN logística

Social Logistics

Facilitate the transportation of products and people for non-profit organizations to support their social work, including providing aid during natural disasters.

SDG 1 NO POVERTY
Goals: 1.5

SDG 11 SUSTAINABLE CITIES AND COMMUNITIES
Goals: 11.1, 11.2

AXIÓN verde

Environment

Complement and enhance Traxión's efforts to reduce and mitigate its environmental impact.

SDG 13 CLIMATE ACTION
Goals: 13.1, 13.3

SDG 15 LIFE ON LAND
Goals: 15.2

In addition to its current programs, the Foundation may introduce new initiatives to address emerging social and environmental needs in our country and communities.

Additionally, apart from this chapter, the Traxión Foundation publishes a detailed annual report of its operations.

2023 Results and Impacts – Traxión Foundation

21 states of Mexico benefitted

1,023,998 direct beneficiaries

2,121 volunteers
(approximately 1,325 employees)

11,216 hours of volunteer work
(approximately 6,625 from employees)

87 benefited institutions

674 tons transported

26,622 people transported

Programs

Movilidad en AXIÓN

On Route for Education

We are committed to reducing educational gaps in Mexico through the "En Ruta por la Educación" project. This program provides young people over 15 years old and adults the opportunity to certify their basic education studies (Elementary and Middle School) using buses equipped with furniture, computers, and internet access that function as mobile classrooms, accompanied by traveling facilitators.

In 2023, we operated 6 mobile classrooms that visited 62 communities across six states of Mexico: Puebla, Tabasco, The State of Mexico, Quintana Roo, Mexico City, and Baja California, **benefiting 14,506 individuals and certifying 6,364 young people and adults.**

For 2024, we plan to expand the routes of the mobile classrooms and increase the number of beneficiaries and certified individuals, reaffirming our commitment to improving living conditions through education.

SuperaT

In collaboration with the Aliat Foundation, **we have benefited 51 individuals from vulnerable communities by offering them scholarships** covering 80% of their high school studies on the Aliat platform. Additionally, in 2023, we expanded our academic offerings to include English certification for 70 individuals and implemented a bootcamp aimed at professionalizing 80 people in the use of the Office suite software, with a special focus on Excel.

We plan to continue with this project, which not only provides them with knowledge and skills for the workplace but also opens new opportunities for employment and personal and professional development.

AXIÓN logística

Transportation Support for Social Projects
Using our people and cargo transport units and leveraging the knowledge and expertise of all the companies within the Group, we support NGOs in transporting volunteers, beneficiaries, and donations. In 2023, we traveled over 210,000 kilometers, supporting 66 institutions, transporting 20,300 people and moving food, clothing, footwear, and other donations.

Furthermore, in October 2023, following Hurricane Otis's landfall in Acapulco, Guerrero, we activated our natural disaster support program. For this, we provided 55 transportation units, both for people and cargo, to various organizations to transport rescuers, doctors, volunteers, as well as supplies, food, construction materials, and drinking water to the affected areas.

By providing logistical support during emergencies, we not only demonstrated the vital role that the transportation sector plays in disaster relief efforts but also showcased our dedication to using our resources and expertise to support communities in critical times and foster resilience.

Juguetón
For the fourth consecutive year, Traxión Foundation collaborated with the Azteca Foundation on their Juguetón initiative. In 2023, we visited various locations in Puebla, Guerrero, Mexico City, Querétaro, Yucatán, and the State of Mexico to deliver toys, food bars, chocolates, cases, crayons, and coloring books, **bringing joy to over 4 million children.**

AXIÓN verde

Voluntarios en Axión
For the third consecutive year, Fundación Traxión coordinated Traxión´s annual volunteer event, in which **2,121 volunteers** participated nationwide. In 2023, we directly **benefited 820,811 people** in 15 municipalities across various states, undertaking activities such as the rehabilitation of nursing homes, schools, hospitals, and orphanages. As part of Traxión Foundation´s Axion Verde pillar we also carried out reforestation activities, planting 7,000 trees, and cleaning beaches and streets, **totaling 11,216 volunteer hours.**

Through these activities, we promote teamwork among our employees and their families to help improve the living conditions of thousands of people in vulnerable communities.

Traxión's Social Contributions to Communities

The Traxión Foundation's revenue primarily stems from Grupo Traxión, with funds allocated partly to projects and partly to the foundation management. In addition to this, Traxión also makes monetary and in-kind donations to several initiatives, detailed below.

First, we outline Traxión's overall social investment, encompassing the Foundation's contributions, as follows:

Financial Resources Allocated to Social Investments (MXN)
Traxión 2023

Direct monetary donations	**7,064,169**
Value of the time employees allocate to volunteering during their working hours[1]	**1,457,500**
In kind: donations of products or services, projects/partnerships, or other similar efforts	**3,005,702**
For management purposes	**1,772,851**

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

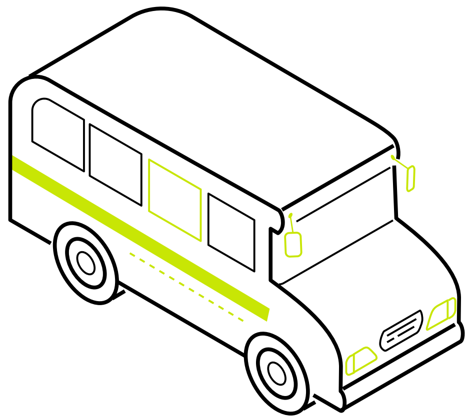
CEUNO

Is a program that offers the **opportunity to complete high school education** in just 18 months through a flexible, non-classroom-based format where classes can be taken either in-person or online, tailored to the participants' needs. In February 2023, 59 employees from various business units of the Group enrolled in this educational program and are scheduled to complete their studies by August 2024. Traxión covers 80% of the total program cost, while the remaining 20% is the responsibility of the student.

This initiative highlights our belief that investing in the education of our employees is crucial for their personal growth and the success of our company.

Scholarship Program

Our commitment to education is also exemplified through our scholarship program in one of our business units, designed to support the children of our employees in their academic activities. **In 2023, we awarded 1,148 scholarships**, demonstrating our dedication to promoting educational opportunities. This initiative not only helps alleviate the financial burden of education for our employees' families but also contributes to the development of future talent in our communities.



Planet

Planet

Guided by our commitment to building a sustainable future for generations to come, we recognize our responsibility to mitigate climate change and reduce our environmental footprint.

We are taking concrete steps to offer our clients innovative and resource-efficient mobility and logistics solutions while minimizing our impact on the planet. Our efforts are aligned with global sustainability goals and are continuously evolving to meet the highest standards.

To achieve these objectives, we have implemented a comprehensive strategy that includes the following initiatives:

- **We are integrating electric and natural gas vehicles** into our fleet and testing alternative fuels like biomethane and hydrogen. These efforts are part of our broader strategy to reduce greenhouse gas (GHG) emissions, decrease reliance on fossil fuels, and lower the environmental impact of our transportation services.
- **We are testing innovative energy-saving technologies**, including the use of solar panels on our trucks to supplement power needs and reduce fuel consumption.
- **We are periodically renewing our fleet** with power units that feature state-of-the-art engines, compliant with the latest environmental standards.
- **We implement extensive maintenance programs** to keep our vehicles in optimal condition and maximizing their efficiency, which translates into less carbon emissions.

- **Our advanced telemetry systems** provide real-time data on fuel consumption and driving habits, enabling us to monitor and analyze these factors closely. This information is crucial in our efforts to improve fuel efficiency, reduce emissions, and promote safer driving practices.

- **We conduct specialized training programs** for our operators focused on eco-efficient driving techniques. These programs are designed to improve fuel efficiency and reduce carbon emissions. Additionally, a variable component of our operators' compensation is directly tied to their fuel efficiency performance, creating a strong incentive for environmentally responsible driving.

- **By optimizing our logistics routes**, we significantly reduce empty backhaul, thereby decreasing unnecessary fuel consumption and lowering our overall carbon emissions. This approach also enhances our operational efficiency and contributes to cost savings.

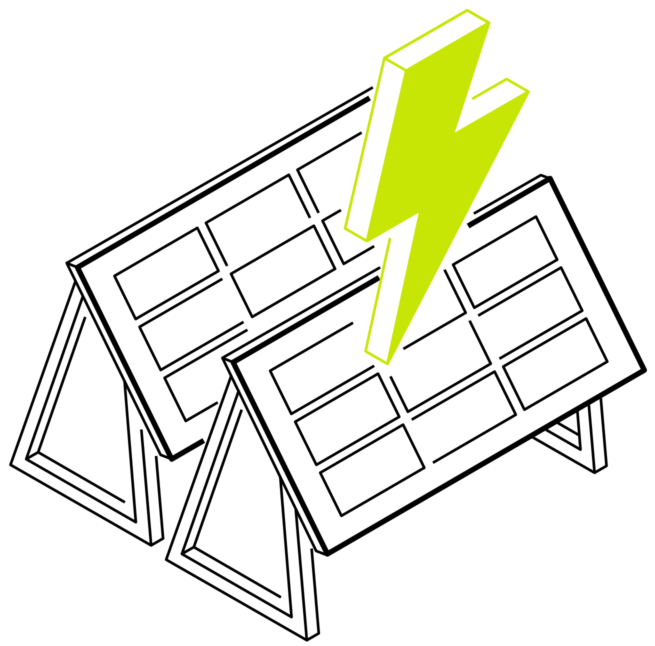
- **We maintain strict control over the quality of the diesel** used across our fleet by employing our own advanced filtration system. This system effectively removes impurities from the fuel, resulting in improved engine performance, reduced emissions, and enhanced fuel efficiency.

- **We are installing solar panels at our facilities**, which allow us to generate and consume electricity from renewable sources. This not only reduces our carbon footprint but also supports the transition to a more sustainable energy infrastructure across our operations.

- **We are developing a program to reduce packaging materials** and replace plastic packaging with more sustainable alternatives. This initiative is part of our broader effort to minimize waste and reduce our environmental footprint throughout our supply chain.

- **We are streamlining the use of cutting-edge technology** that include carbon emissions monitoring and management, across all aspects of our operations, including our processes, fleet management, and warehousing activities, both within our own facilities and those managed by third parties.

- **We are continually exploring strategies** to enhance tire renewal processes and find better solutions for the disposal of tires we no longer use.



Climate change risk & opportunity analysis

In 2023, we strengthened our approach to analyzing climate-related risks and opportunities by incorporating risk quantification and conducting a detailed temperature scenario analysis.

This enhanced assessment was carried out in accordance with the **Task Force on Climate-related Financial Disclosures (TCFD) methodology.**

By adhering to TCFD guidelines, we were able to systematically evaluate the potential impacts of climate change on our operations, including both physical risks, such as extreme weather events, and transitional risks, such as market demands and regulatory changes. Additionally, we identified opportunities for innovation and sustainable growth as we navigate the evolving landscape of climate change. This comprehensive analysis not only bolsters our resilience but also positions us to proactively address climate challenges while seizing opportunities to enhance our sustainability efforts.

We present following a concise summary of the key identified and quantified climate-change risks and opportunities. Please refer to the Appendix II.3 - Risk Management for a more detailed account:

- For Traxión, climate-related opportunities outweigh the risks. The Group is highly resilient to acute climate events, and the chronic effects of climate change are expected to have minimal impact on our activities in the short to medium term. Due to the diversity of services and transportation routes, and our geographically dispersed operations and facilities, the potential cost of climate risks is not significant at the Group level in the short to medium term.

- However, all business units must implement mitigation and adaptation strategies, along with business continuity plans, to manage acute climate risks — a practice the Sustainability department has been enhancing since mid-2023 in collaboration with the Corporate Risks area.

- While unlikely, a significant increase in carbon taxes could impact the company's financial results, so reducing dependency on fossil fuels is advisable in the medium term. Fuel price volatility, driven by climate factors, could be countered by robust company growth and strategic hedging.

- Developing capabilities and allocating resources to adopt alternative fuels, alongside electric buses and last-mile vehicles, could yield economic, reputational, and environmental benefits while mitigating various potential risks. In this chapter, we outline several initiatives along these lines that are already being implemented at Traxión.

- The emission reduction targets of major clients (Scope 3) present both a risk and an opportunity. We can collaborate with our clients to jointly reduce carbon emissions, turning this challenge into a synergistic effort – a strategy already being actively pursued by the Sustainability Department in collaboration with our commercial areas.

Environmental management

We are deeply committed to the planet, as outlined in our Environmental, Climate Change, and Biodiversity Policy.

This policy underscores our dedication to mitigating our environmental footprint across all aspects of our business.

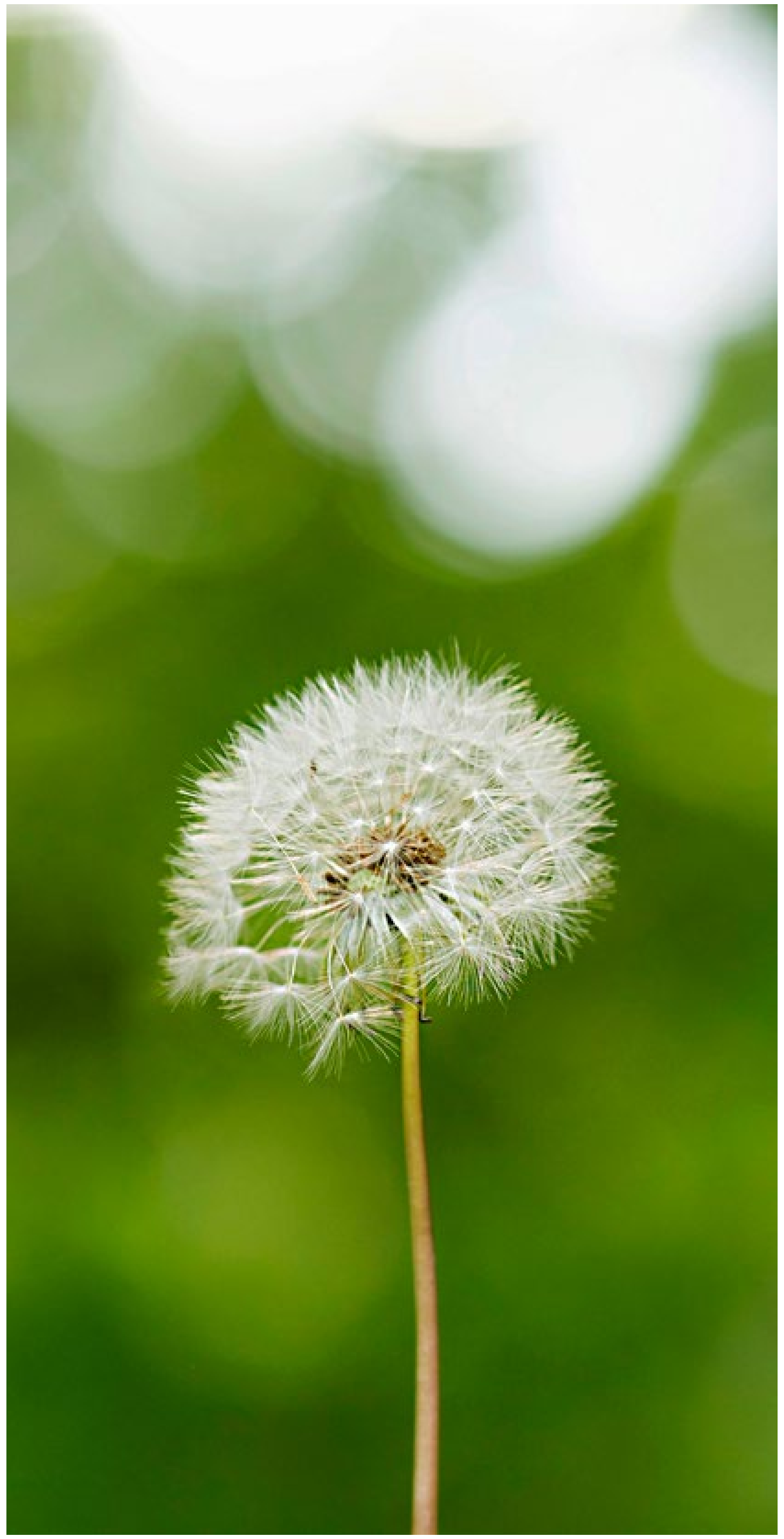
Ensuring compliance with applicable environmental laws and regulations is a fundamental aspect of our operations. We ensure that all our business units adhere strictly to these requirements, reinforcing our commitment to environmental stewardship.

One of our business units has already achieved ISO 14001 certification, and we are actively pursuing this certification for other units to ensure consistent and high standards of environmental management throughout the company.

To further embed this commitment within our organization, we conduct regular training sessions for our employees on environmental topics, including climate change and waste management. We plan to expand these training programs next year to cover additional topics, increasing awareness and fostering a culture of environmental responsibility.

In 2023, we established the Corporate Safety and Environmental Management Area as part of Operational Excellence Department. This dedicated team oversees environmental matters across all business units, standardizing our approach and strengthening our environmental management system. One of the key initiatives includes defining and monitoring key performance indicators (KPIs) that will be regularly reviewed to track our progress.

Moreover, this department has conducted on-site visits to our business units to evaluate compliance with environmental requirements. Based on these evaluations, we have developed a detailed work plan to address identified areas of improvement, ensuring the continuous enhancement of our environmental performance.



GRI 3-3
SASB TR-RO-110a.2, TR-AF-110a.2
TCFD GEN-RISK.b

Investment in eco-efficient technologies

We are constantly striving to improve fuel efficiency, which directly contributes to reducing the intensity of our greenhouse gas (GHG) emissions.

Beyond the transversal initiatives outlined at the beginning of this chapter, it is important to highlight a significant system we developed in collaboration with FICO to optimize resource allocation for People Mobility routes.

FICO (NYSE: FICO) is a leading analytics software company, helping businesses in 90+ countries make better decisions that drive higher levels of growth, profitability and customer satisfaction: https://www.fico.com/en

This system uses artificial intelligence and machine learning to analyze various data points, including safety guidelines, vehicle specifications, bus base locations, customer needs, and rest times of our operators. By optimizing our resource allocation, we have been able to decrease the number of kilometers driven, resulting in substantial cost savings and emissions reductions.

As a result, in 2023, we achieved substantial savings: 4.15 million kilometers of driving avoided, $1.38 million in costs saved, and a reduction of 3,443 metric tons of GHG emissions. We implemented 32.2% of the optimized solutions recommended by the system in 2023, a figure we aim to increase significantly, taking into account operational constraints.

Biodiversity

At Traxión, we recognize our responsibility as Mexico's leading mobility and logistics company to reduce our environmental footprint.

Our commitment extends beyond addressing climate change and GHG emissions to include the preservation of natural ecosystems. We understand that nature provides invaluable and finite resources that must be protected from harmful human activities, preserved for future generations, and restored wherever possible to reverse past damage.

In 2023, we strengthened our environmental policy by integrating biodiversity considerations, reinforcing our commitment to operating responsibly and safeguarding natural ecosystems.

For 2024, we plan to conduct our first biodiversity risk assessment, which will provide crucial insights into our dependencies, impacts, risks, and opportunities related to natural ecosystems. This assessment will adhere to the guidelines set by the Task Force on Nature-related Financial Disclosures (TNFD) and will utilize the LEAP (Locate, Evaluate, Assess, Prepare) methodology along with the ENCORE (Exploring Natural Capital Opportunities, Risks, and Exposure) tool. These frameworks will deepen our understanding of our relationship with nature and highlight areas for significant improvement.

Upon completing our assessment, we aim to integrate these findings into our operational and risk management processes. This integration will enable us to quantify the financial implications of our environmental impact and implement targeted mitigation strategies and proactive measures. We are committed to transparency and will report on the specific actions we take as a result of this assessment.

By prioritizing both emissions reduction and biodiversity protection, we aspire to set a benchmark in sustainable practices. We believe that economic growth and environmental stewardship can complement each other within the logistics and transportation industry, demonstrating our commitment to responsible corporate citizenship.

SASB TR-RO-110a.2, TR-AF-110a.2

Fuel management

In 2023, we continued to uphold rigorous quality controls over our diesel fuel, strictly adhering to the NOM-044-SEMARNAT-2017 standard.

This ensures that our fuel is free from impurities, which not only protects our vehicles but also plays a significant role in reducing our carbon footprint. **Over the year, we filtered more than 44 million liters of diesel, resulting in the avoidance of approximately 2,575 tons of CO_2e emissions.**

Fuel Substitution

We continued to utilize natural gas as a lower-emission alternative to traditional diesel. This year, we used over 2.16 million cubic meters of natural gas in our power units, with natural gas-powered vehicles now comprising 1.4% of our total fleet. In addition, we are actively exploring the potential of alternative fuels, such as biomethane and hydrogen to further reduce our greenhouse gas (GHG) emissions.

Eco-efficient Driving

Our commitment to fuel efficiency extends to training our operators in eco-efficient driving techniques. This training is complemented by the use of telemetry devices installed in our power units, which help identify and implement opportunities for improvement in driving behavior. These efforts have a direct impact on enhancing fuel efficiency. Furthermore, our operators are incentivized through a variable compensation scheme linked to their fuel efficiency performance, promoting more sustainable driving habits across our operations.

Fleet Maintenance

Proper fleet maintenance is crucial for both safety and fuel efficiency which results in less carbon emissions. We conduct regular maintenance checks on all our vehicles to ensure optimal performance. Through extensive testing and standardization across our business units, we have optimized our approach to lubricant management, particularly motor oil. This has allowed us to extend the intervals between oil changes, reducing waste and conserving resources.

Our proactive fleet replacement strategy ensures that our vehicles remain efficient and up-to-date with the latest environmental standards, contributing to the overall sustainability of our operations.

Clean Transportation Recognitions

In 2023, all our Cargo Mobility business units participated in the Ministry of Environment and Natural Resources (SEMARNAT) voluntary Clean Transportation program. Our units received distinctions for "excellent environmental performance," "very good performance," and "good environmental performance." This program evaluates and quantifies the impact of various fuel efficiency strategies in reducing toxic gas emissions and GHGs within the freight transportation sector.

The strategies we implemented, including operator training, intermodal shipping, low rolling resistance tires, low-viscosity lubricants, maintaining proper tire pressure, optimizing logistics, enhancing vehicle aerodynamics, reducing road speeds, minimizing idling times, and using lighter-weight power units, resulted in significant fuel savings and carbon emissions avoided.

Collectively, our business units achieved significant savings:

60,091 tons
CO_2 Emissions Avoided

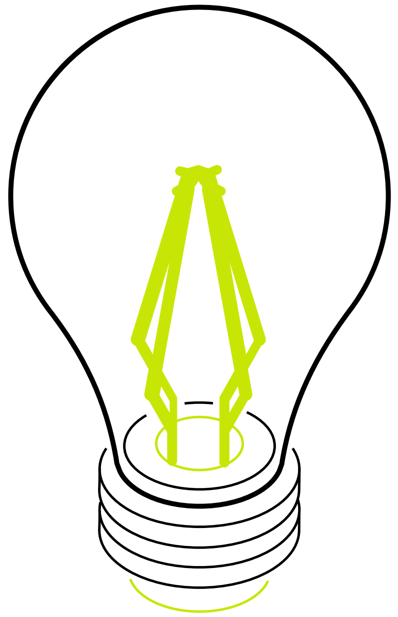
22,356,419 liters
Fuel Saved

These avoided emissions represent approximately 10% of our total Scope 1 and 2 GHG emissions for the year, demonstrating the tangible benefits of our environmental efforts. As we continue to innovate and improve our practices, we contribute to a cleaner and more efficient transportation industry.

SEMARNAT's detailed reports can be accessed in the "Sustainability - Relevant Information" section of our website.

GRI 3-3

Energy management



Energy efficiency initiatives

We are dedicated to enhancing energy efficiency across our operations. To achieve this, we have implemented a comprehensive range of strategies aimed at reducing our energy consumption and minimizing our environmental impact.

Our approach includes conducting training sessions focused on energy conservation and efficiency, which help to raise awareness among our employees and foster a culture of sustainability.

We have begun replacing traditional lighting systems with LED technology, which significantly reduce energy consumption. In addition, we are installing sensors in some of our facilities to ensure that lights are only active when needed, further decreasing our electricity usage.

We prioritize the acquisition of energy-efficient equipment across all business units. This not only helps in reducing our carbon footprint but also contributes to substantial cost savings.

Furthermore, we continuously explore opportunities to upgrade our systems and adopt innovative technologies that further reduce energy consumption and advance our overall sustainability goals.

Renewable energy

We are making progress in our commitment to reduce GHG emissions through energy efficiency initiatives and the integration of renewable energy sources.

At our northern rest stations, we have implemented an innovative system that combines external air conditioning powered by electricity with solar panels. This system not only reduces vehicle fuel consumption but also decreases our reliance on non-renewable energy.

We are actively expanding the use of renewable energy in our facilities, with a strong focus on solar power. By installing solar panels in strategically chosen locations, we aim to reduce our dependence on non-renewable electricity consumption and transition to a more sustainable energy model. In 2023, we completed the feasibility analysis for multiple locations, with implementation set to begin in 2024.

SASB TR-RO-110a.2, TR-AF-110a.2
TCFD GEN-RISK.b

Transition to Clean Transportation Technologies

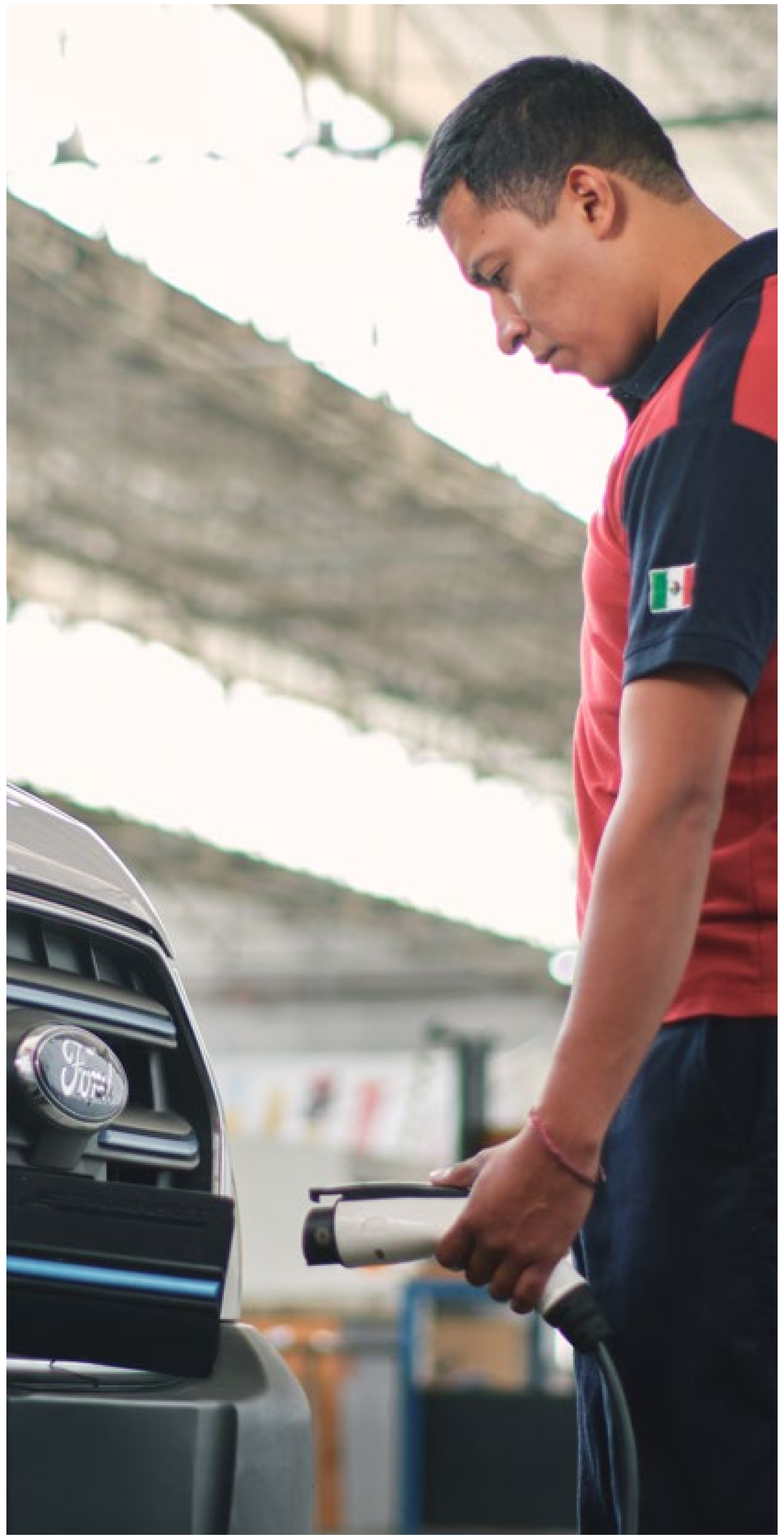
In 2023, we took a significant step forward in our sustainability journey by integrating Zero Emission electric vans into our last-mile fleet after successfully completing adoption trials. As a result, one of our business units in the pharmaceutical sector became the first logistics operator in Mexico to employ a refrigerated electric van for the transportation of healthcare supplies. This vehicle was validated under the industry's most stringent protocols. Moving forward, we will continue to explore the feasibility of integrating additional electric and hybrid vehicles into our fleet, aiming to expand our clean transportation options across all operations.

Moreover, recognizing the need for diversified energy solutions, we have been actively evaluating and mapping the availability and techno-economic feasibility of alternative fuels for our operations. Our focus has been particularly on biomethane and hydrogen, both of which offer promising potential to further reducing our carbon footprint.

Aligned with this vision, in 2023, TRAXIÓN added 43 state-of-the-art Euro VI trucks to its fleet. These trucks are designed to operate on natural gas, delivering an 11% increase in energy efficiency compared to traditional diesel engines, which significantly lowers our greenhouse gas (GHG) emissions. Beyond natural gas, these trucks are also capable of running on biomethane. This dual-fuel capability not only enhances our operational flexibility but also reinforces our commitment to sustainable practices.

In addition to their fuel efficiency, these new Euro VI trucks are equipped with features that underscore our dedication to both environmental stewardship and the well-being of our operators and the communities we serve:

- **Lowest emissions** of particulate matter and NOx on the national market, setting new standards ahead of regulatory requirements.
- **Reduced noise pollution** by up to 50% compared to diesel engines, benefiting urban environments.
- **Optimized for driver comfort and productivity**, with a focus on accessibility and inclusivity, particularly for female operators.
- **Features cutting-edge safety technologies** designed to prevent road accidents and ensure driver and public safety.



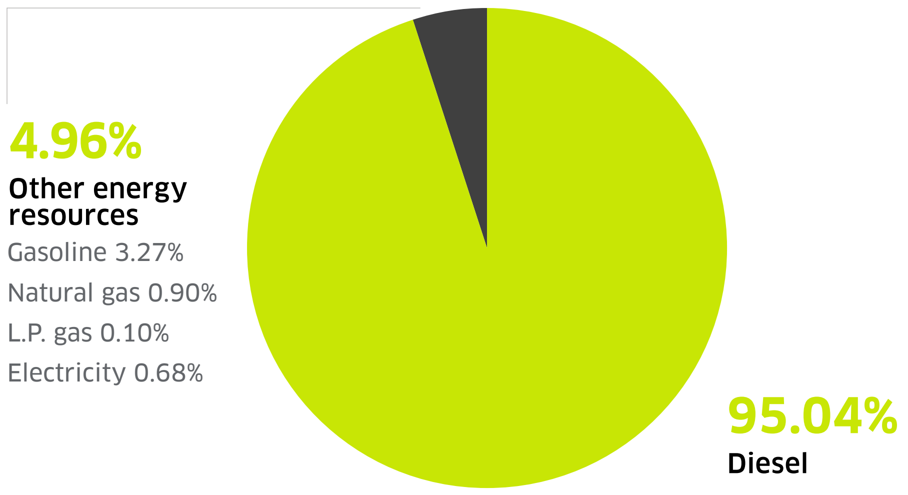
GRI 302-1, 302-3, 302-4, 302-5
SASB TR-RO-110a.3

Breakdown of energy consumption

Each year, we refine our data collection processes related to energy use across our operations. This improved data collection enables us to evaluate the effectiveness of our energy-saving initiatives, make informed decisions, and optimize our energy consumption. It also provides valuable insights to guide our future strategies.

In 2023 our total energy consumption for the year was 8,028,082.79 gigajoules (GJ), with diesel fuel accounting for the majority at 95.04%. The remaining energy sources included gasoline (3.27%), natural gas (0.90%), L.P. gas (0.10%), and electricity (0.68%).

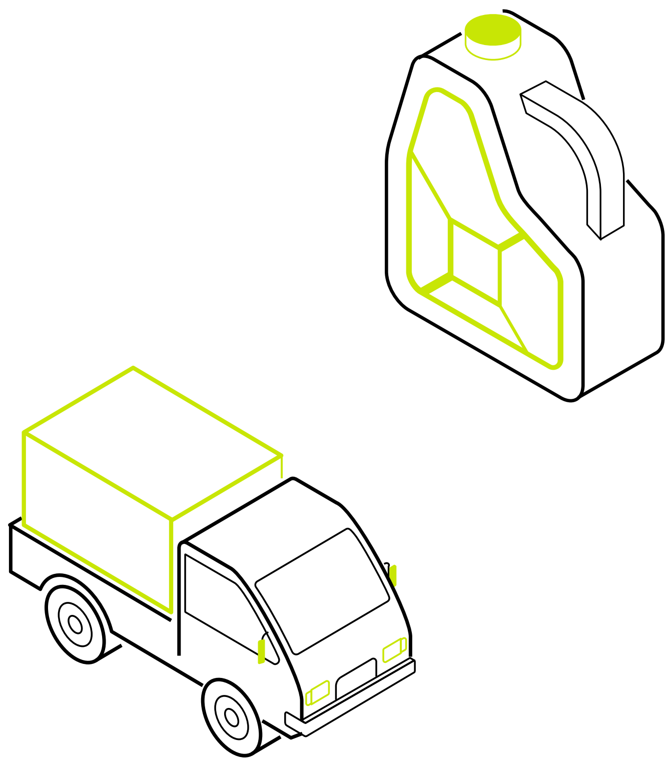
ENERGY CONSUMPTION



To measure our energy efficiency, we use key performance indicators such as diesel consumption per revenue and per kilometer driven. In 2023, the energy intensity of our service provision was 8.06 liters per revenue in thousands of pesos. Additionally, the intensity of diesel consumption per kilometer driven was 0.27 (liters per kilometers), while diesel efficiency was 3.63 kilometers per liter.

Energy Intensity (provision of services)	2023
Diesel Consumption Intensity by Revenue (liters per $1,000 pesos in revenue)	8.06
Diesel Consumption Intensity by Kilometers Driven (liters/kilometers)	0.276
Diesel Efficiency (kilometers/liters)	3.63

Our intensity and efficiency indicators primarily focus on diesel consumption because diesel accounts for 95% of our total energy consumption. By concentrating on diesel, we can better address the largest component of our energy use and identify opportunities for improvement in energy efficiency and sustainability.



GRI 3-3, 305-1, 305-2, 305-3, 305-4, 305-5
SASB TR-AF-430a.2, TR-RO-110a.1, TR-RO-110a.2, TR-AF-110a.1, TR-AF-110a.2
TCFD GEN-METRIC.b

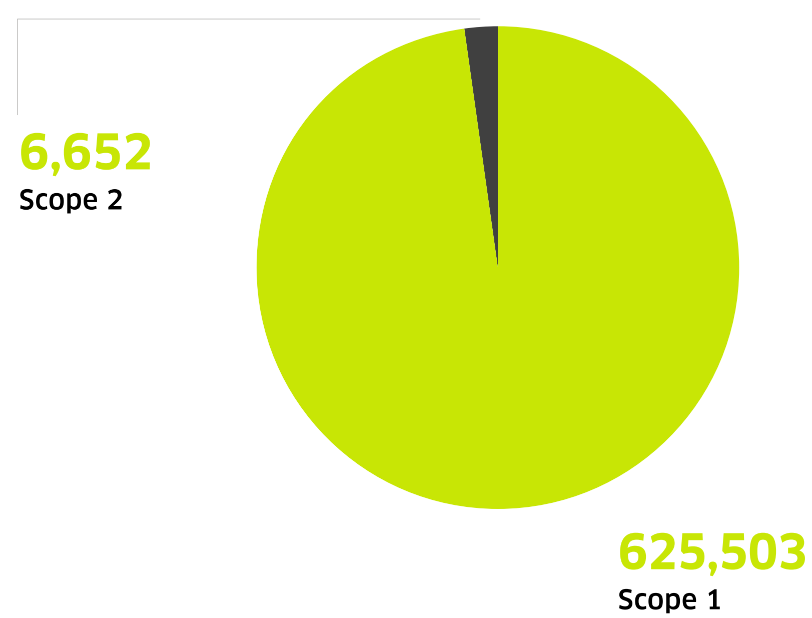
GHG emissions

GHG emissions Scope 1 and 2

In 2023, we emitted a total of 632,155 tons of CO_2 equivalent (tCO_2e) in greenhouse gas emissions. Of this total, 98.95% (625,503 tCO_2e) were classified as Scope 1 emissions, and 1.05% (6,652 tCO_2e) as Scope 2 emissions.

EMISSIÓNS SCOPE 1 AND 2

tCO_2e



For Scope 1, the emissions are broken down as follows: 179 tCO_2e from stationary sources, 27,616 tCO_2e from fugitive sources, and 597,708 tCO_2e from mobile sources. Mobile sources represent the largest portion of our emissions, accounting for 94.55% of the total Scope 1 emissions. This indicates that mobile sources are the predominant contributor to our overall GHG emissions and highlight the key area for targeted emission reduction efforts.

Emissions intensity

Our emission intensity data for mobile sources used in service provision for 2023 revealed the following metrics:

814.28 gCO_2e per kilometer
Emission Intensity per Kilometer Driven

23.79 gCO_2e per revenue (pesos)
Emission Intensity per Revenue

The GHG Intensity Ratio for our People Mobility segment was 20.32 gCO_2e per passenger-kilometer. In our Cargo Mobility segment, it was 61.92 gCO_2e per tonne-kilometer, while in the Last Mile segment, it reached 1,272.98 gCO_2e per tonne-kilometer. Combined, the GHG Intensity Ratio for both the Cargo Mobility and Last Mile segments was 64.5 gCO_2e per tonne-kilometer.

GHG Emissions Scope 3

In 2023, we significantly improved our **Scope 3 greenhouse gas (GHG) emissions** calculations by integrating new categories relevant to our upstream operations, expanding the scope of data compared to 2022, and enhancing our data collection processes, arriving at a total of **398,609 tCO_2e** for the year.

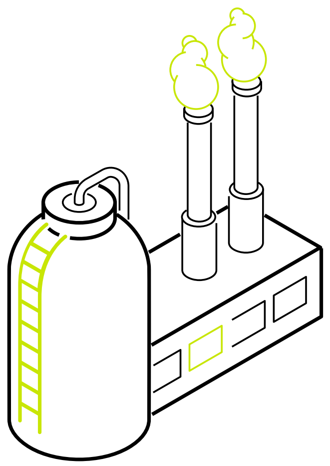
These methodological improvements, along with the recategorization of data from Category 8 (leased assets) to Category 4 (upstream transportation and distribution), led to a significant increase in our Scope 3 emissions compared to 2022. However, this adjustment provides a more accurate and comprehensive estimate of our emissions.

As a service provider, Traxión does not produce goods, so categories related to downstream sales, processing, and disposal of products are not applicable to our operations.

Type	Category	Description	Methodological Changes vs 2022	2023 emissions tCO_2e	2023 emissions %
Upstream	1	Purchased goods and services	Expanded Data Scope	4,598.97	1.15%
	2	Capital goods	No change	45,494.93	11.41%
	3	Activities related to fuel and energy consumption (not included in Scope 1 and 2)	No change	131,601.20	33.02%
	4	Transportation and distribution	Recategorization from Category 8	202,507.47	50.88%
	5	Waste generated in operations	New Category	2,972.38	0.75%
	6	Business travel	New Category	5,134.39	1.29%
	7	Employee commuting	Improved Calculation Methodology	6,299.55	1.58%
Total				**398,608.89**	**100%**

These advancements in data collection and categorization help us gain a clearer understanding of our full GHG emissions profile and guide our strategies for reducing our environmental impact.

Detailed data about our GHG emissions is available in the Appendix I – Environmental Dimension.



GRI 3-3, 305-7
SASB TR-RO-120a.1, TR-AF-120a.1

Criteria air pollutants

We have taken a significant step in addressing air quality factors by conducting our first estimation of criteria air pollutants.

Criteria pollutants are substances regulated due to their harmful effects on human health and the environment, which are typically emitted from mobile sources within our operations.

Our assessment identified nine types of pollutants, with the most significant emissions being:

- Nitrogen Oxides (NOx): 20,439.8 tons
- Sulfur Dioxide (SO2): 5.89 tons
- Particulate Matter (PM2.5): 182.6 tons

These pollutants are key contributors to air quality issues and have been measured to assess their impact. This initial estimation provides a foundational understanding of our emissions profile and informs our ongoing efforts to mitigate air pollution and improve environmental performance.

Detailed data for the remaining criteria pollutants is available in the Appendix I – Environmental Dimension.

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

Circular economy

Tires are one of the most critical resources in our operations, playing a vital role in ensuring the safety of our transportation services.

However, due to their weight and volume, they also represent a significant portion of our waste. To address this, we have established a tire-renewal factor, allowing us to reuse tires up to two times depending on vehicle use, service segment, and road conditions. In 2023 this approach has enabled us to reuse 10,055 tires in our activities, representing 36.5% of the total tires used in our operations. Tires that can no longer be renewed are responsibly disposed of through our authorized suppliers, who ensure controlled disposal in compliance with government regulations. Looking ahead to 2024, we plan to collaborate closely with one of our suppliers to increase the number of retreaded tires, with the goal of further reducing tire waste disposal and the CO_2 emissions associated with it.

Our commitment to circular economy principles extends beyond tires. In several of our business units, we return used batteries and major engine components to suppliers for reuse, ensuring that valuable materials are not wasted. Additionally, in our Pharma business, we have introduced reusable coolers for product deliveries, reducing single-use packaging. Once products are delivered to customers, the coolers are returned to the distribution center for reuse in future shipments. We have also developed innovative biodegradable coolers in collaboration with a client, offering a sustainable alternative to traditional polystyrene coolers while ensuring product safety and integrity.

Water management is another area where we are applying circular economy principles. At one of our facilities, we operate a wastewater treatment plant that processes water for reuse in washing our trucks and trailers, as well as for irrigating green areas. This initiative exemplifies our commitment to resource efficiency and reducing our environmental impact.

GRI 3-3, 306-1, 306-2, 306-3, 306-4, 306-5
SASB TR-RO-540a.2

Waste management

We are committed to enhancing our waste management practices through a comprehensive approach that encompasses the entire organization.

To this effort we are training our employees to minimize waste generation, focusing on reducing the use of single-use materials, promoting the reuse and recycling of waste, and encouraging the procurement of supplies made from recycled materials. This training is crucial in fostering a culture of sustainability within our workforce.

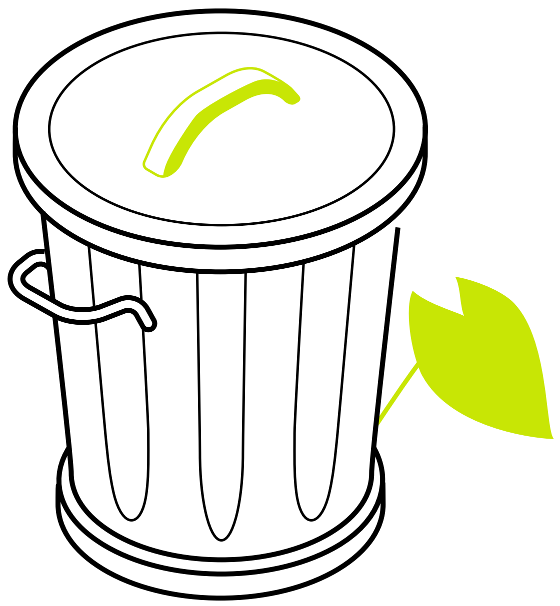
A key focus of our waste management efforts is the implementation of effective waste separation at the source. This approach allows us to significantly increase the amount of waste that can be reused or recycled, thereby reducing the volume sent to landfills.

In 2023, we generated a total of 6,751.5 tons of waste, with 60.2% of this waste being reused or recycled, 27.6% sent to landfills, and the remaining 12.2% incinerated with energy recovery. To further enhance our waste management efforts, we are working to improve our waste data management processes, aiming for greater accuracy and efficiency in our reporting, and optimizing our strategies for waste reduction and recovery.

We are also collaborating closely with our waste collection providers to reduce the volume of waste sent to landfills. By partnering with these stakeholders, we are exploring and implementing more sustainable waste management solutions.

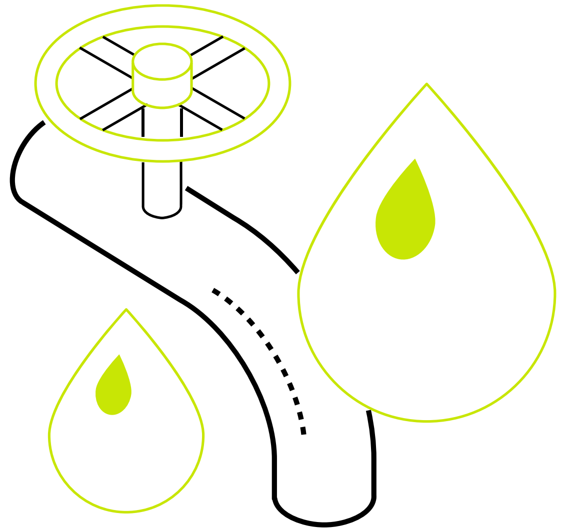
We continuously allocate resources to identify new technologies and processes that minimize waste generation within our operations, with the goal of reducing our overall waste footprint.

Detailed data about our waste generation and disposal is available in the Appendix I – Environmental Dimension.



GRI 303-1, 303-2, 303-3, 303-4

Water management



At Traxión, we recognize that while our water consumption may not be significant compared to other industries, we have a responsibility to manage this vital resource efficiently.

Our primary water use is for general services within our facilities and washing vehicles at some of them.

We are actively enhancing our water management practices by implementing strategies for efficient water use and conservation. This includes conducting training and awareness campaigns to promote responsible water use and encouraging water reuse practices.

At one of our facilities, **we operate a water treatment plant that processes approximately 2,123 cubic meters of water annually**. This treated water is then repurposed for irrigating our green areas, reducing our reliance on freshwater and reinforcing our commitment to water recycling and reuse.

We are continuously refining our data collection and analysis processes to better understand our water footprint. In 2023, we extracted a total of 219,573.1 cubic meters of water across all our facilities. The breakdown of our water sources is as follows: 74.7% of our facilities sourced their water from municipal networks, 18.3% relied on authorized water trucks, and the remaining 7.0% used water from wells. This information helps us identify opportunities for more sustainable water sourcing in the future.

Regarding water discharge, 94.4% of our facilities release water back into municipal networks, 4.2% is disposed of by external suppliers using dedicated trucks and authorized discharge sites, and 1.4% is reused on-site.

Through these efforts, Traxión is committed to responsible water management, ensuring that even though our consumption is not high, we are doing our part to conserve and sustainably manage this essential resource for future generations.

Detailed data about our water withdrawal and discharge is available in the Appendix I – Environmental Dimension.

Profits

Operational platform

Facilities and fleet

Our operations and geographical presence cover the entire country, with more than 50 facilities spanning:

Bus and truck
terminals and workshops

3PL warehouses
dry, refrigerated and medical grade

Last-mile
distribution centers

Corporate,
administrative and sales offices

As of 2023 we operate one 3PL warehouse and one sales office in the US.

In line with our asset-light approach, all facilities are rented, and to drive efficiencies and boost profitability we implement shared use where is operationally viable, and leverage economies of scale through centralized systems of procurement and accounting.

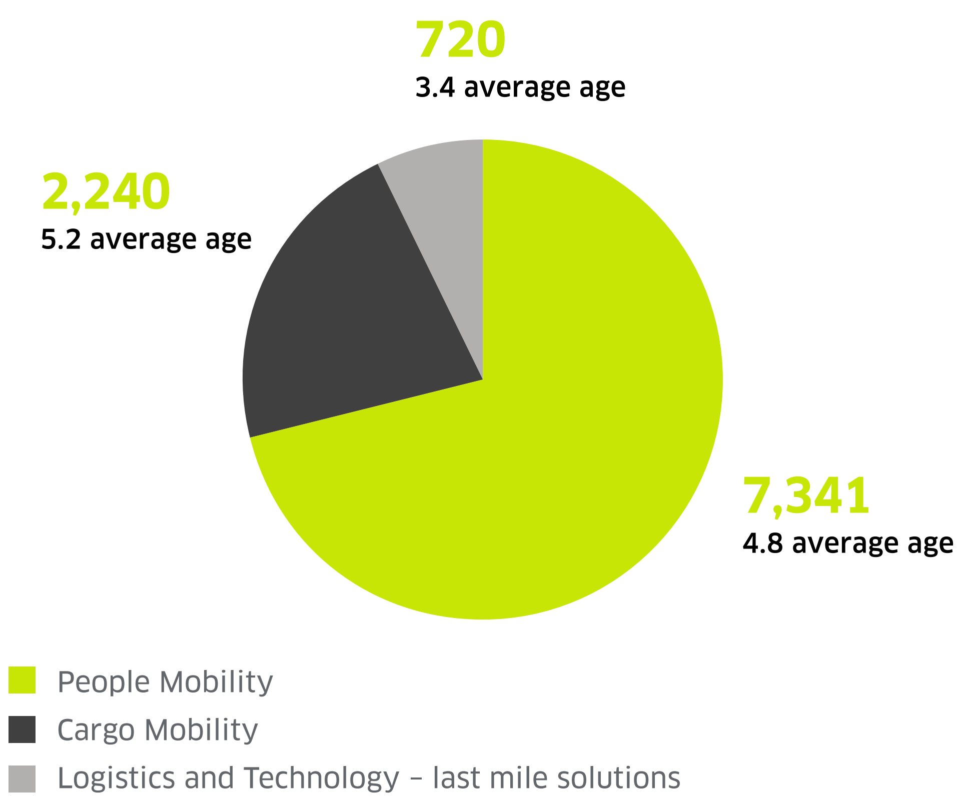
We maintain a large and diverse fleet that enables us to swiftly address market needs and adapt to fluctuations in service demand. Leveraging advanced technology, we integrate third-party resources to increase our capacity based on an asset-light model. This approach helps us build trust with our customers by supporting their growth and development.

In the **People Mobility** segment, we continue to expand both organically and geographically. Our scale, operational and technological platforms are unique in Mexico, providing efficient mobility solutions through advanced technological tools. This enhances our ability to design routes, allocate resources effectively, and deliver superior service to our customers. Our People Mobility segment operates the largest fleet in the industry, with an average of 7,341 buses and vans in 2023.

In the **Cargo Mobility** segment, our strategic focus on asset-light growth models, bolstered by technological advancements, third-party infrastructure, and specialized fleet capabilities—including refrigerated, food grade, and petrochemicals cargo – has been crucial for our resilience in a challenging macroeconomic environment. We are a leading player in Mexico's Cargo Mobility sector, operating one of the country's largest road transportation fleets. In 2023, our fleet comprised an average of 2,240 tractor trucks, 3,202 semi-trailers (including dry and refrigerated boxes), 294 dollies and platforms, and 211 hoppers and tankers. Our fleet is among the newest in the industry, with an average age of 5.2 years, compared to the industry average of 20.4 years at the end of 2023[1].

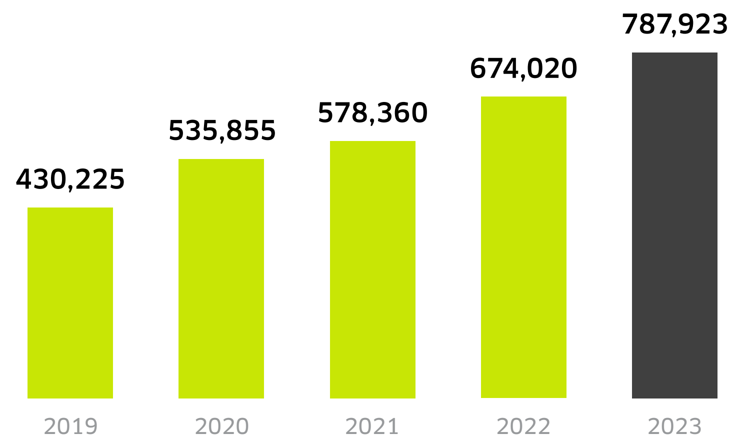
Our **Logistics and Technology** segment offers supply chain solutions through an asset-light approach and the use of cutting-edge technology. As of December 31, 2023, our 3PL business line, focused on warehouse management, operated 787,923 square meters of warehouse space—a 16.9% increase from 2022. In last-mile solutions, we manage a fleet of 720 light vehicles, including 84 trucks, 569 vans, and 67 motorcycles.

FLEET DESCRIPTION
Power units

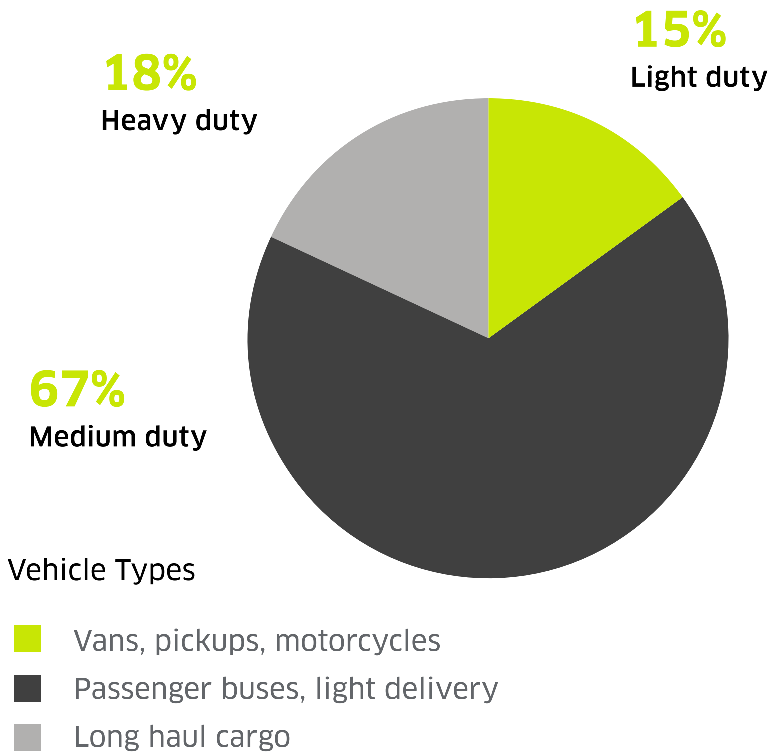


[1] According to data from the Mexican Ministry of Communications and Transportation (Secretaría de Comunicaciones y Transportes)

3PL WAREHOUSE SPACE
(m²)



DISTRIBUTION OF FLEET BY WEIGHT CLASSIFICATION



By strategically maintaining a modern fleet, we are able to achieve lower maintenance costs, offer reliable solutions with high quality and safety standards on a large scale, and conduct a much more environmentally friendly operation.

We are incorporating Zero Emission electric vans into our last-mile fleet after successfully completing adoption trials. Thus, our company Medistik became the first pharma logistics operator in Mexico to employ a refrigerated electric van for the distribution of pharmaceutical products.

Additionally, we have been evaluating and mapping the availability and feasibility of alternative fuels for our operation, especially biomethane and hydrogen. In line with this vision, throughout 2023, we incorporated 43 state-of-the-art Euro VI engine trucks into our cargo fleet that can run on natural gas, greater energy efficiency, resulting in lower Greenhouse Gas (GHG) emissions, or on biomethane, an alternative fuel with great potential for reducing GHG emissions. For more information, please refer to the chapter Planet.

GRI 3-3

Operational Excellence

At Traxión, we have a robust and mature Operational Excellence (OPEX) team. This area is responsible for establishing and coordinating actions to improve processes across all business units of the Group, with the aim of increasing productivity and efficiency. By promoting a culture of operational excellence and teamwork, the OPEX team enables the top management to set specific operative and business objectives that are measured across all business segments and management levels of the company, on a weekly, monthly or trimester basis (depending on the type of KPI).

The OPEX strategy operates under four guiding pillars:

1. **Continuous Improvement:** We have multidisciplinary teams composed of leaders from various business unit areas responsible for implementing the continuous improvement model. Performance is monitored through Balanced Scorecard indicators (KPI's), and action plans are established for those indicators that deviate from targets. These plans are tracked using standardized management and continuous improvement tools.

   Additionally, a time management process for meetings is in place to ensure efficiency and productivity by coordinating the participation of the necessary individuals in each session.

2. **Strategic Projects:** This pillar focuses on managing Traxión's portfolio of strategic projects. Its goal is to oversee the progress of these projects to ensure they meet their specific requirements within the designated timeframe. This involves close monitoring and management to ensure that each project aligns with our strategic objectives and is delivered on schedule and comply with required standards. By effectively managing our strategic projects, we aim to drive overall business success and achieve key organizational goals.

3. **Quality and Processes:** Our Quality and Processes pillar focuses on advancing our process management approach, with significant progress planned for 2024. Its primary responsibilities include establishing and maintaining certification standards (ISO, CTPAT, OEA, SMETA), ensuring compliance with the integrated management system, managing internal and external audits, and developing action plans to enhance process efficiency and quality. Additionally, it involves overseeing the documentation and process management platform and promoting a process-oriented culture throughout the organization to drive continuous improvement and ensure customer satisfaction.

4. **Safety and Environment:** Starting in 2023, we strengthened the Safety, Health, and Environment (SHE) structure across all business segments. Our goals include achieving ISO 45001 and ISO 14001 certifications for various business units within the Traxión Group and fostering a culture of safety, health, and environmental stewardship. Key functions include implementing and assessing internal management models, defining and monitoring corporate SHE indicators, updating existing policies, and ensuring compliance with safety and environmental regulations. For more detailed progress on these topics, please refer to the chapters on People: Human Capital and Planet.

Our model also incorporates technological solutions that facilitate the standardization and optimization of business processes.

These solutions provide reliable and timely operational and financial information to support our decision-making process. For a detailed description of this, please refer to the chapter Profits: Technological Platform.

GRI 2-6

Value Chain Management and Engagement

We recognize that our commitment to sustainability extends beyond our own operations and into our entire value chain. Which is why in 2023 we strengthened our efforts by developing projects focused on integrating ESG principles into our relationships with clients and suppliers.

Additionally, we are conducting evaluations of our suppliers to ensure they meet ESG criteria, implementing development programs to improve their sustainable practices, and strengthening the procurement of materials and products that are environmentally responsible and ethically sourced.

Through these initiatives and with the support of a dedicated team, we aim to foster collaboration in strategic project development with our clients and suppliers, working together to address key environmental, climate change and social issues in our industries.

Supply chain management

We understand the importance of responsible supply chain management in driving positive environmental and social impacts across our industry. As part of the onboarding process for new suppliers and contract renewals, we require from them to sign the Code of Ethics and Conduct for Suppliers, Partners, and Contractors, as well as other Group policies, which set clear expectations for responsible business practices.

To further strengthen our approach, we have developed a sustainable procurement program to be implemented in 2024. This program includes training and raising awareness among our employees in procurement areas, on Environmental, Social, and Governance (ESG) issues; a process to identify our significant suppliers; and an ESG evaluation for suppliers. For this evaluation, we developed an online questionnaire to assess their progress in environmental, social, and governance areas, identify improvement opportunities, and subsequently implement a development program offering training and technical support to enhance their ESG practices, alongside a tracking system to monitor their progress.

None of our suppliers are considered critical to the business because we have a policy in place to mitigate operational risks by prohibiting reliance on single or irreplaceable suppliers. While we have not yet identified critical suppliers based on their ESG risks from our current assessment, we are awaiting the results of a new assessment scheduled to launch in 2024. In this supplier screening process, we will enhance our method for identifying significant suppliers by employing strategies such as research in digital sources, specialized platforms, and direct contact with companies to evaluate their relevance and risks. The criteria for this evaluation will include share of spend/volume, operational continuity risk, substitutability, and adverse impacts in environmental, social, and governance aspects, as well as country, sector, and commodity-specific risks that could affect our operations. By the end of 2023, we classified 24 of our suppliers as Tier 1.

TIER 1 SUPPLIERS BY CATEGORY

Product / Service Categories 2023	Number	%
Power Units (buses, trucks, vans)	6	21%
Diesel	5	17%
Spare parts	4	14%
Insurance	4	14%
Lubricants	3	10%
Trailing equipment (semi-trailers, platforms etc.)	3	10%
Tires	2	7%
Communication services	2	7%
Total	**29**	

BREAKDOWN OF SUPPLIERS IN 2023, TIER 1 AND OTHERS

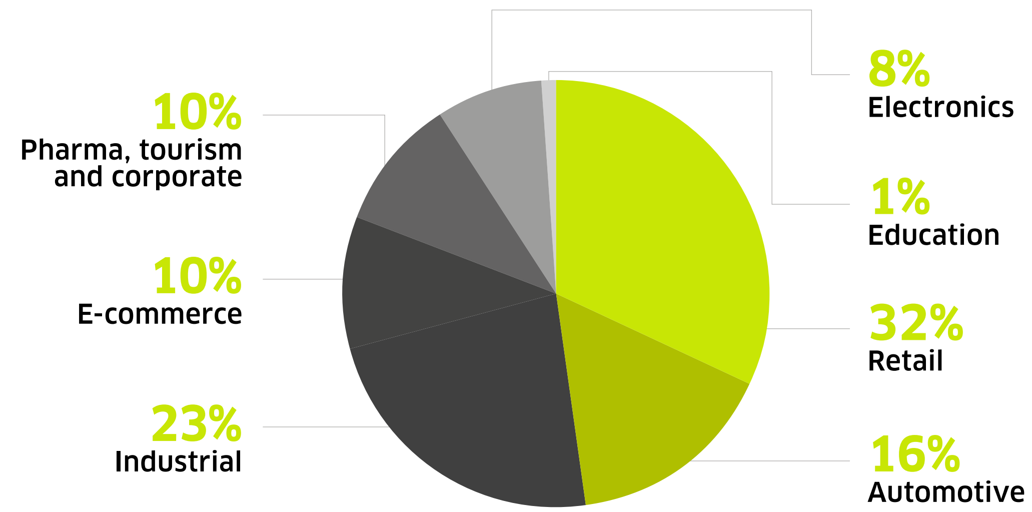
Supplier category	% of total supplier expenses
Diesel	81.3
Spare parts	5.2
Tires	3.2
Insurance	3.0
Lubricants	1.3
Communication services	0.5
Other suppliers (not tier 1)	5.5

Power units are accounted for as an investment and not as an expense; they represented 96.1% of the total investment budget in 2023, compared to 80.1% in 2022.

Customers

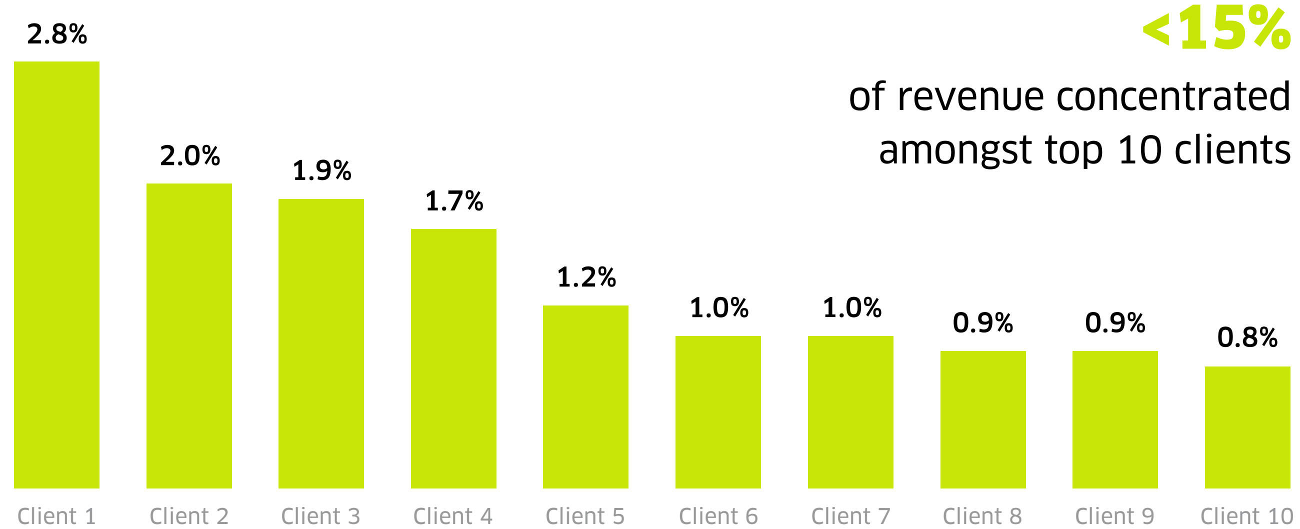
We have cultivated a diverse client base across seven major industries: retail; automotive; industrial; e-commerce; pharma, tourism and corporate; electronics; and education. This diversification ensures the stability of our business through various economic cycles. This strategy has proven particularly effective, as many of our clients are well-positioned to benefit from the growing nearshoring trend. Our commitment to building long-lasting relationships is evident in our impressive 25-year average partnership with our largest (blue-chip) clients. Additionally, we maintain a balanced portfolio, with less than 15% of our revenue coming from our top 10 clients, safeguarding us against over-reliance on any single customer.

DIVERSIFIED MARKET EXPOSURE



Revenue is diversified across seven major industries.

CLIENT CONCENTRATION



<15%

of revenue concentrated amongst top 10 clients

Our approach to client contracts and retention underscores our robust sales practices. We typically engage in contracts lasting 3-4 years, providing stability while allowing for regular reassessment of terms. Our exceptional 95% renewal rate highlights client satisfaction and the value we deliver. This high retention rate, combined with our diversified client base, not only provides financial stability but also enables us to continuously improve our services based on long-term client feedback.

Customer satisfaction

We prioritize customer satisfaction as a key driver of our success.

To ensure we consistently meet and exceed customer expectations, we implement a comprehensive approach to measuring and improving our service quality. We conduct quarterly surveys using the Net Promoter Score (NPS) methodology, supported by an independent platform[2], which provides us with valuable insights into our customers' experiences and needs. The main results are as follows:

NPS Results	2023
People Mobility	70.18%
Cargo Mobility	49.37%
Logistics and Technology (warehouses and Traxporta, does not include last mile)	50.64%

Notes:
- The score varies on a scale of -100% to +100%, which means that scores that are higher than 0 represent the top 50% of the scale.
- Percentage of customers surveyed by segment:
  Logistics and Technology 98%
  People Mobility 91%
  Cargo Mobility 54%

Our commitment to continuous improvement goes beyond data collection. We thoroughly analyze survey results and customer feedback to identify areas for enhancement in our operations. This process involves developing targeted action plans and implementing corrective measures to address any issues or dissatisfaction detected. By incorporating customer suggestions and industry best practices, we strive to optimize our processes, improve supply chain efficiency, and strengthen our partnerships with suppliers and stakeholders.

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

GRI 3-3

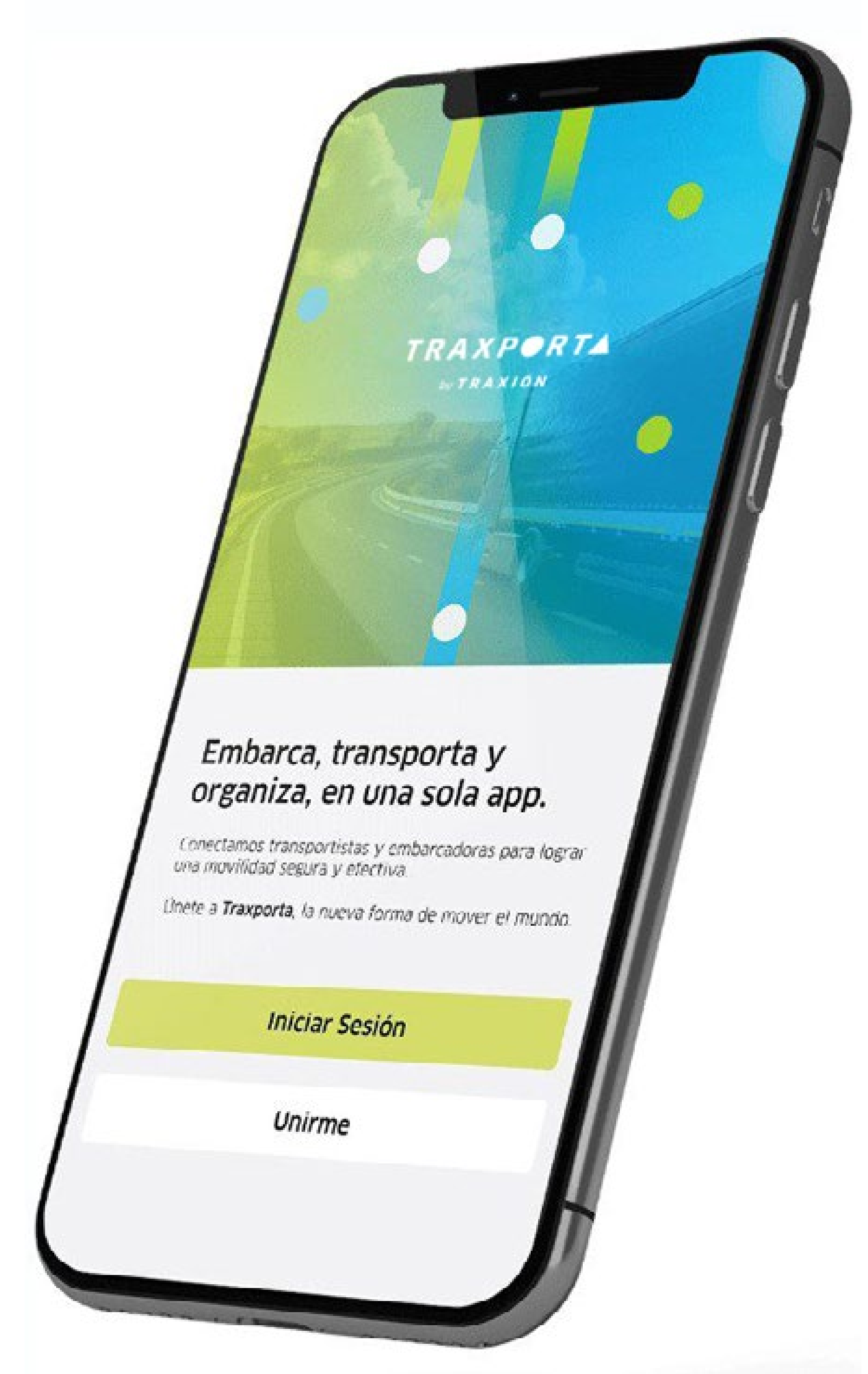
Technological platform

Management

The creation and technological development of new business models, in addition to operating our current models efficiently, are both key for Traxión. We focus on operational and commercial intelligence to implement applications and systems that meet market and customer needs.

Our state-of-the-art technologies, including internally developed applications and systems, adapt to specific needs and leverage technology for business improvement and development. This technological advantage allows us to provide real-time visibility, greater transparency, security, and enhanced competitiveness in pricing, operational efficiency, and profitability.

Traxión's rapid growth necessitates continuous advancements in our technological systems and process engineering. Additionally, during 2023, new regulatory requirements for the implementation of a more detailed and digitalized Waybill (Carta Porte, as it is known in Mexico) by all transporters demanded significant technological adaptations and developments within very short deployment times.



Thus, during 2023, we strengthened our technological human-capital structure, strategy, and architecture as follows:

- **Incorporated Chief Technology Officers** (CTOs) into each of our three segments to drive innovation, technology development, and implementation tailored to the specific needs of each business segment, its customers, and relevant government regulations. The segment CTOs report to the Corporate Chief Technology Officer and oversee the implementation of corporate and segment innovation and technology strategies within our different business units, supported by local innovation and technology teams.

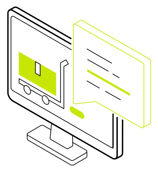
- **Organized our IT portfolio by Business Value Streams and integrated Artificial Intelligence** into our technology roadmap, which has driven greater efficiency and operational effectiveness.

- **Created a centralized data area and adopted Agile methodologies**, which have enhanced our ability to process and learn from data, and to respond swiftly to market changes and customer needs, on the basis of well-established KPIs. These technological enhancements have gone hand in hand with improving our process engineering, resulting in increased productivity, asset utilization, and stringent compliance with emerging regulations.

Exchanging ideas and monitoring progress falls within the structure of the Information Technologies and Innovation Committee, which:

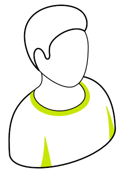
- **Constantly promotes innovation** through asset light and data-driven models, processes, structures, and new technologies.
- **Addresses new market demands** with the support of internal and external users.
- **Identifies and standardizes technologies and processes** through economies of scale and collaboration and/or synergies across all departments and companies in the Group.

As a result of the technological human-capital structure, strategy, and architecture improvements described above, we strengthened the management and performance of our technology-as-a-service model, which is based on functional and transversal towers or pillars that collectively address all key aspects of the operation.



Transversal Towers

- **Infrastructure:** Cloud, cybersecurity, telecoms, computer systems, web architecture.
- **Data:** Data automation, big data, machine learning, artificial intelligence.
- **Support center:** Offer assistance and service for all departments and operations in the Group.



Functional Towers

- **Finance and administration:** Enterprise Resource Planning (ERP) systems–standardization, strengthening, and continuous improvement.
- **Human Capital:** Human Resource Management (HRM) systems–standardization, strengthening, and continuous improvement.
- **Logistics Systems:** Transport Management System (TMS), Warehouse Management System (WMS), and other operational management systems–standardization, strengthening, and continuous improvement.
- **Sales, Services, and Markets:** Customer Resource Management (CRM)–standardization, strengthening, and continuous improvement.
- **New Business and Strategic Projects:** Design, develop, and implement technologies and databases as an integral part of the development of new business and strategic projects.

Technology-as-a-Service Towers Model

Functional Towers

FINANCE AND ADMINISTRATION	HUMAN CAPITAL	LOGISTICS	SALES, SERVICES, AND MARKETS	NEW BUSINESS AND STRATEGIC PROJECTS

Systems

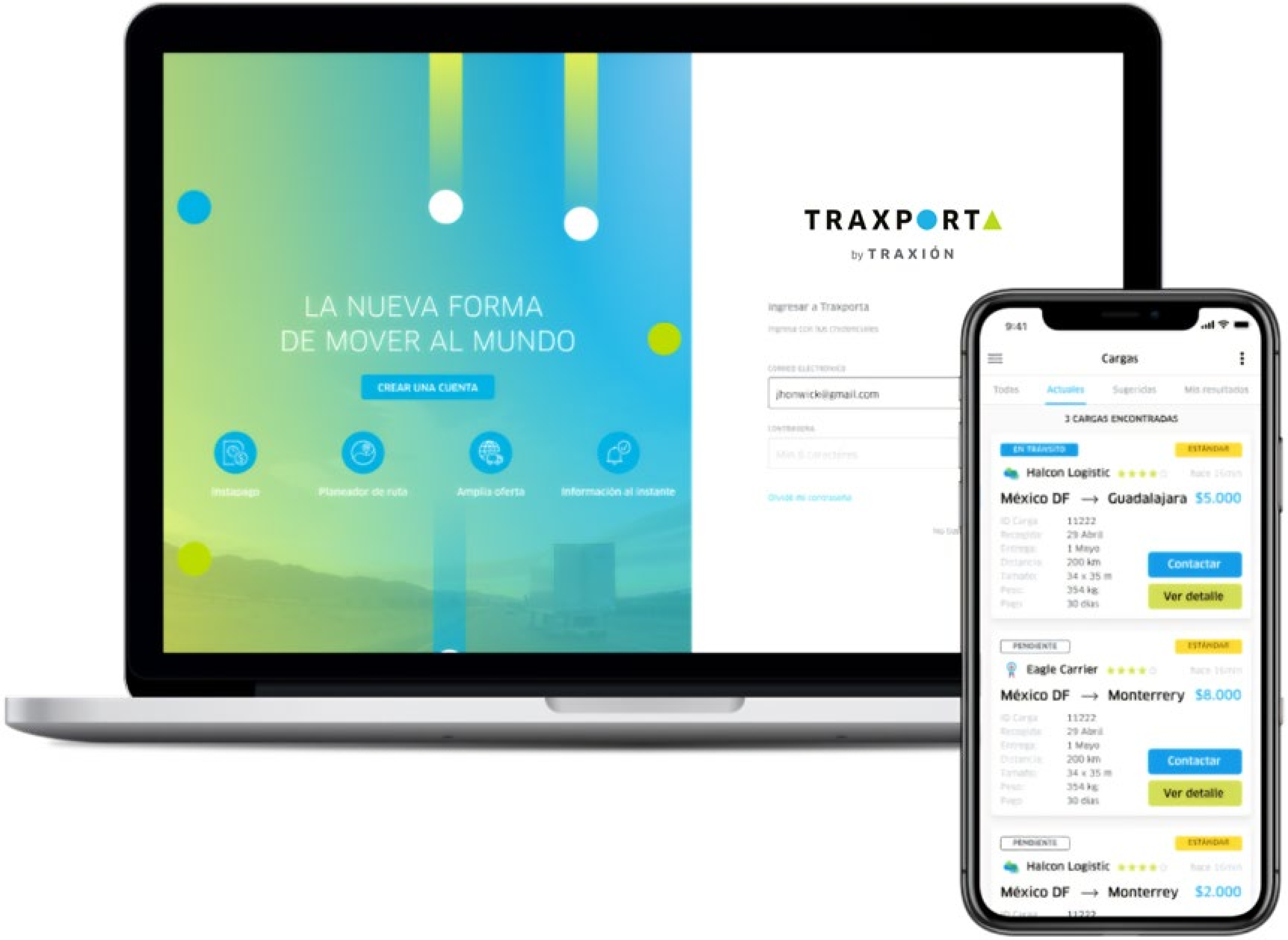
ERP	HRM	TMS, WMS	CRM	DEVELOPMENTS AND INTEGRATIONS

Transversal Towers

SUPPORT CENTER
Assistance and Service

DATA
Automation, Big Data, Machine Learning, Artificial Intelligence

INFRASTRUCTURE
Cloud, Cybersecurity, Telecoms, Computer Systems, Web Architecture



Traxporta

It is a digital applications ecosystem for cargo and people mobility, in constant evolution and improvement. In cargo, Traxporta creates an efficient market between customers and carriers in Mexico, the US, Canada, and Central America; manages the interconnections between them; generates trips; and charges a connection and management fee. By its own nature, this creates an asset-light business and promotes the use of third-party fleets and assets. On the other hand, Traxporta also provides value-added services for customers through the use of technology in our People Mobility Segment[1].

Traxporta contributes to an improved, innovative economy and offers benefits for all participants in the ecosystem: we provide a better, higher-quality, more reliable service that is based on a technology we created that offers operational improvements in the transportation network as well as automation and standardization in our internal processes. With this, we have been able to improve efficiency, reduce human error, and achieve higher mobility for products and people with less resources, resulting in a more profitable and sustainable operation.

[1] The Traxi people mobility platform forms part of the Traxporta applications ecosystem.

GRI 3-3

Other technological solutions

A key goal of the technological solutions we have in place and those under development is to generate efficiencies, improve safety and offer a better customer experience, including real time access to information on the journeys of their employees, students or merchandise.

Efficiency

Given that operational efficiency is a key element of healthy and sustainable growth, we have modern systems in place that allow us to continuously monitor our operations and fleet, and to implement the necessary corrective measures and provide efficient maintenance.

These practices enable us to focus on optimizing our revenue and costs per kilometer, two key performance indicators we continuously monitor with the support of our Technological Platform and Operational Excellence teams..

As part of our continuous improvement process, we are working on standardizing technology-based best practices and processes. The evolution of Traxporta is a clear example of this, as we have developed efficient operational platforms for our Cargo Mobility and People Mobility activities, in addition to offering opportunities for third parties.

In collaboration with FICO[2], we developed and successfully implement a system to optimize resource allocation for routes in the People Mobility segment. It optimizes the allocation of units and operators to minimize the number of kilometers driven in routes, all based on data analytics. The system has enormous potential for improving efficiency as more relevant information and data are added in the future and its optimal recommendations are gradually implemented.

We describe this in greater detail in the Investment in Eco-efficient Technologies section (Planet chapter) given its impact on fuel consumption and GHG emissions.

We continue making progress in innovative solutions for 3PL and 4PL logistics warehouse management, such as the use of drones and augmented reality for several operational activities such as inventory and picking and sorting.

In 2023 we continued developing the digitization of activities performed by our operators, through the development and implementation of mobile apps that will enable them to get directly and promptly involved in managing their most relevant performance parameters, such as driving habits and saving fuel. Complementary to this, during 2023, we developed a Digital Medical Record Platform for storing and managing our employees' clinical and medical data. It will be launched in 2024 in the People Mobility Segment and later expanded to our other business segments. For more details, see the People: Human Capital chapter.

Safety

Technology plays a key role in improving trip safety parameters. Our power units are equipped with state-of-art safety systems:

- **GPS devices** for tracking our units via satellite 24/7 and a turn-off button to be employed in case they deviate from their route, this in order to reduce the risk of robberies on the road.
- **Telemetry and speed controls** to monitor the driving habits of operators and promote safer and more eco-efficient driving.
- **Anti-fatigue technological systems** in order to decrease the chance of an accident.
- **Anticollision system**, which consists of external cameras that monitor the road in order to alert operators of potential collisions.

[2] FICO (NYSE: FICO) is a leading analytics software company, helping businesses in 90+ countries make better decisions that drive higher levels of growth, profitability and customer satisfaction: https://www.fico.com/en

User experience

We leverage technology to serve our customers, contributing to the efficiency of their operations and reinforcing safety, as can be appreciated in the following table that summarizes the main technological solutions we offer in our three business segments:

System or module	Objective	Logistics and Technology	People Mobility	Cargo Mobility
Control Tower	Integrate and track logistics and transportation services in a centralized manner, with a focus on managing the supply chain based on a 3PL and 4PL one-stop-solution model.	■		
WMS	Warehouse Management Systems	■		
TMS	Transport Management Systems	■	■	■
GPS and Telematics	Monitor routes and transfer points via satellite; understand the behaviors and habits of our operators to avoid incidents, optimize routes, improve efficiencies in the use of fuel, and thus reduce GHG emissions.	■	■	■
SIGI	Record accidents and how they are handled in the Incidents Management System in order to analyze them and create corrective action plans.	■	■	■
Tour Solver	Design optimal routes based on variables such as time, capacity, collection radius, and number of users to pick-up.		■	
ETA app	Manage and monitor personnel transportation in real time, estimate arrival time, and supervise the moment when users get on and off.		■	
Bustracker	Detect delays and route detours and estimate pick-up and arrival times.		■	
Schools App	Manage and monitor student transportation in real time, estimate arrival times, and supervise the moment when users get on and off.		■	
FICO	Operational optimization system that searches for the most efficient resource-allocation scenarios.		■	

In the People Mobility segment, we offer an online platform for contracting our services. In 2023, 7% of our clients utilized this online option, contributing to 0.1% of revenues.

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

Cybersecurity

We ensure information security by means of an integral strategy that addresses self-regulation, constant strengthening of controls and systems, and a culture of prevention. Cybersecurity management and culture is done and promoted by integrating specialists from different teams within the company: information technologies, legal, human capital, sustainability, risks, internal audit. The Audit Committee, as a supporting body of the Board of Directors, is in charge of monitoring at the highest level through the approval of the multi-year strategy and the yearly implementation plans, and quarterly follow-up meetings. Our Chief Technology Officer reports directly to the CEO, ensuring that the technology strategy is closely aligned with the company's overall business objectives. This direct reporting line enhances communication and decision-making, thereby supporting the Audit Committee's efforts in effective oversight and strategic monitoring.

We establish best practices and implement, operate, and continuously improve an Information Security Management System in accordance with the ISO/IEC 27001:2022 standard. This guarantees the confidentiality, integrity, and availability of the organization's and stakeholders' information. Additionally, it ensures the protection of all assets supporting business processes and services while complying with applicable legal, regulatory, contractual, and business requirements for information protection.

CYBERSECURITY MANAGEMENT PILLARS

Self-regulation

Our employees perform their jobs based on our Information Security Policy, applicable to all business units. It is based on ISO 27001 and is aligned with our Code of Ethics. It includes the use of hardware and software and emphasizes control measures and user responsibilities. This policy includes disciplinary measures that can be applied to users who are at fault.

In 2023, we updated our Information Security Policy to address several key issues. Notably, we reinforced the roles and responsibilities of our employees and third parties concerning the use and handling of both our own information and that of third parties.

Monitoring and control

Our systems are mainly housed on the cloud, complying with the highest international safety standards.

In case of suspicious activity, employees are obliged to report it to their business unit's IT team, which in turn will report it to the corporate team, if need be.

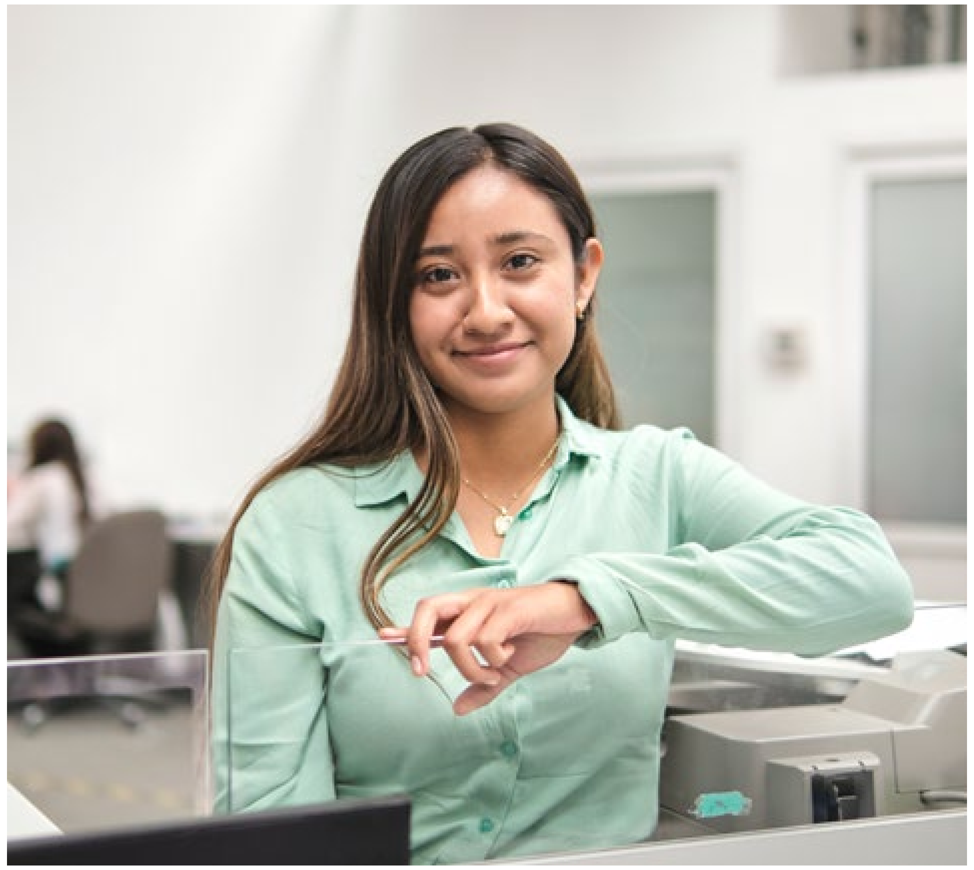
Every business unit has an information security model in place that includes the measures explained herein. Redpack in particular, has been certified under ISO 27001 for the network-benefits service platform it offers its clients.

In line with the strengthening of our employees' roles and responsibilities described above, in 2023 we implemented an advanced anti-phishing monitoring tool for company-wide email services. Additionally, we significantly increased our capacity to monitor and respond to information theft and fraud attempts targeting our employees.

Culture

In terms of cybersecurity, responsibility falls on everyone who is part of Traxión. Accordingly, we:

- Work on raising awareness, including regular internal communications - a key strategy significantly strengthened in 2023, along with the Information Security Policy and the monitoring and control tools described above.
- Offer training programs that reinforce sensitizing.
- Promote better communication and awareness through the technical support departments.



Thanks to these efforts, no incidents occurred during the year that compromised the information of our clients and/or Traxión.

Ever conscious of the risks that information security places on our operations and on the integrity and privacy of our stakeholders, we constantly evaluate and improve our cybersecurity strategy and action plans, and we periodically perform readiness and resiliency (anti-breach) tests to our systems.

SASB TR-AF-000.A, TR-RO-000.A

Financial results

Main indicators

Our business model is built on three pillars that ensure stability, even in potentially volatile contexts:

1. **Diversified Services and Customers:** We engage across multiple sectors of the economy, minimizing risk associated with any single market.
2. **Financial Discipline:** We maintain a prudent use of debt, rigorous allocation of CapEx, and a strong balance sheet, ensuring financial stability and sustainability.
3. **Technological Advancement:** We leverage technological development to create synergies and efficiencies, enhancing our commercial and operational intelligence. This includes the advancement of asset-light models, which enable us to expand our capacity without significant asset investments.

The combination of robust organic growth and the successful execution of our acquisition strategy has driven profitability and increased our adjusted EBITDA margin. In June 2023, we acquired BBA Logistics, a U.S.-based freight brokerage company offering cross-border and domestic door -to-door services. This acquisition is aimed at expanding our operations in the United States and furthering our plans for asset-light business growth.

Our consolidated revenue increased by 22.1% compared to the previous year, reaching $24,807 million pesos, with an adjusted EBITDA of $4,549 million pesos and an adjusted EBITDA margin of 18.3%. This growth continues the company's upward trajectory since going public.

Revenue by segment was as follows:

Cargo Mobility

grew by 7.1%, reaching $7,690 million pesos.

People Mobility

increased by 21.3%, reaching $9,002 million pesos.

Logistics and Technology

achieved a notable growth of 41.7%, reaching $8,115 million pesos.

Costs increased by 18.2% from $16,064 million in 2022 to $18,990 million in 2023 due to generalized inflationary pressures, particularly rising fuel prices, as well as higher infrastructure, equipment, and labor costs related to operational growth.

The total costs-to-revenue ratio was 76.6%, slightly lower than in 2022 (78.9%). Despite this, consolidated EBITDA reached $4,549 million pesos, representing a 26.4% increase over the previous year.

FINANCIAL INDICATORS (millions of mxn)

	2023	2022	Δ23-22 (%)	2021
Consolidated revenue	24,807	20,325	22.1	17,086
Cargo Mobility	7,690	7,180	7.1	6,112
People Mobility	9,002	7,420	21.3	6,369
Logistics and Technology	8,115	5,725	41.7	4,606
Total costs	18,990	16,064	18.2	12,626
General expenses	3,537	2,712	30.4	2,604
Consolidated operating profit	2,310	1,685	37.2	1,900
Depreciation and amortization	2,239	1,914	17.0	1,503
Consolidated EBITDA	4,549	3,599	26.4	3,403
EBITDA margin (%)	18.3	17.7	60 bps	19.9
Consolidated net income	639	506	26.3	850

	2023	2022	Δ23-22 (%)	2021
Earnings per share (MXN)	1.13	0.96	18.3	1.59

The main operational indicators are provided below. Detailed descriptions can be found later in this chapter, within the corresponding sections for each business segment.

OPERATIONAL INDICATORS[1]

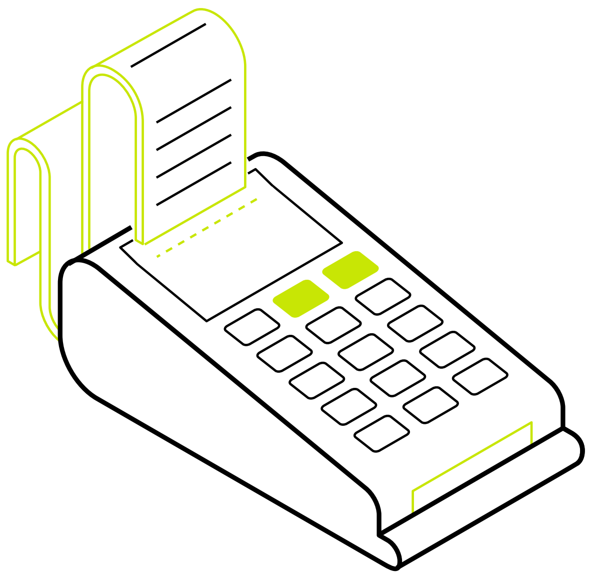
	2023	2022	Δ23-22 (%)	2021
Kilometers driven (millions)	**699.1**	**672.8**	**3.9**	**628.8**
Cargo Mobility	248.0	271.9	(8.8)	269.8
People Mobility	451.1	400.8	12.5	359.0
Average fleet (power units)	**10,301**	**9,487**	**8.6**	**8,729**
Cargo Mobility	2,240	2,331	(3.9)	2,244
People Mobility	7,341	6,348	15.6	5,694
Logistics and Technology - last mile delivery	720	808	(10.9)	791
Average revenue per kilometer (MXN/km)				
Cargo Mobility	29.68	25.01	18.7	22.31
People Mobility	19.96	18.51	7.8	17.74
Average costs per kilometer[2] (MXN/km)				
Cargo Mobility	21.65	20.88	3.7	15.99
People Mobility	13.93	13.47	3.4	11.73
3PL warehouse (m^2)	**787,923**	**674,020**	**16.9**	**578,360**
Revenue per m^2	217.0	176.20	23.2	172.90
Cost per m^2	154.3	119.38	29.2	118.56

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

[2] Refers to cost per kilometers driven: salaries, maintenance, net fuel, tolls, and other costs including depreciation and amortization; does not include warehousing costs.

TOTAL COSTS (millions of mxn)

	2023	2022	Δ23-22 (%)	2021
Fuel	3,089	3,751	(17.6)	2,387
Labor costs	4,863	3,008	61.7	2,240
Tolls (highways)	922	870	6.0	777
Fleet maintenance	1,238	1,019	21.5	870
Facilities, services, and supplies	6,950	5,730	21.3	5,037
Depreciation and amortization	1,928	1,686	14.4	1,316
Total costs	18,990	16,064	18.2	12,626
% from revenue	76.6	79.0	(248) pbs	73.9



The primary variations in operating costs are explained as follows:

- **Fuel:** Total fuel costs were $3,089 million pesos in 2023, a 17.6% decrease from $3,751 million pesos in 2022. Fuel expenses accounted for 16.3% of our total costs in 2023, down from 23.5% in 2022.

- **Labor Costs:** Salaries totaled $4,863 million pesos in 2023, a 61.7% increase from $3,008 million pesos in 2022. This rise was primarily due to the growth of our workforce, particularly in logistics, acquired companies, and the expansion of the People Mobility Segment, and also due to some labor reforms implemented throughout the year. Labor costs represented 25.61% of our total costs in 2023, up from 18.72% in 2022.

- **Highways:** The total cost for highway usage was $922 million pesos in 2023, a 5.92% increase from $870 million pesos in 2022. This increase is mainly due to the rise in the number of kilometers covered. Highway costs represented 4.85% of our total costs in 2023, compared to 5.42% in 2022.

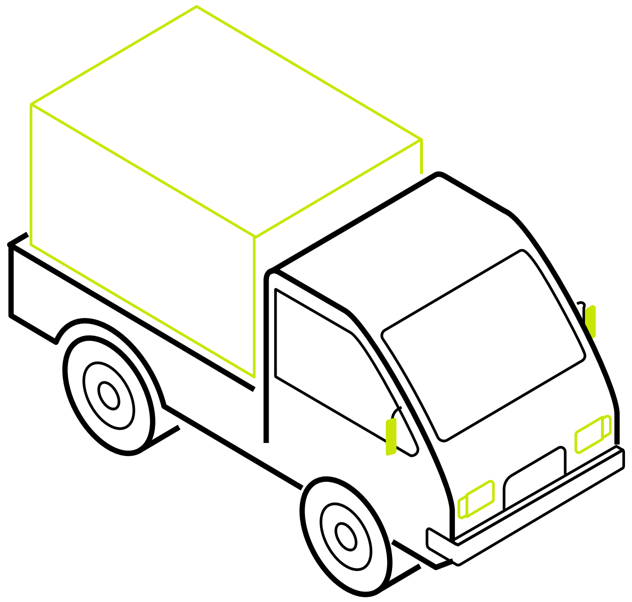
- **Vehicle Maintenance:** Maintenance costs totaled $1,238 million pesos in 2023, a 21.51% increase from $1,019 million pesos in 2022, primarily due to the expansion of our fleet. Maintenance expenses accounted for 6.52% of our total costs in 2023, compared to 6.34% in 2022.

- **Depreciation and Amortization:** Depreciation and amortization costs totaled $1,928 million pesos in 2023, a 14.38% increase from $1,686 million pesos in 2022. This rise was mainly due to increased capital expenditures (CapEx). Depreciation and amortization represented 10.15% of our total costs in 2023, compared to 10.49% in 2022.

Segment Analysis

Cargo Mobility Indicators

The Cargo Mobility segment registered an increase in revenue of $510 million pesos in 2023, representing a growth of 7.1% compared to 2022. This increase was primarily due to the fleet renewal and reorganization program, which focused on more profitable circuits for cross-border operations and specialized cargo services. As a result, there was a decrease in both the fleet and kilometers traveled, but a higher revenue per kilometer was achieved (+18.7% compared to 2022).



CARGO MOBILITY - FINANCIAL INDICATORS (millions of mxn)

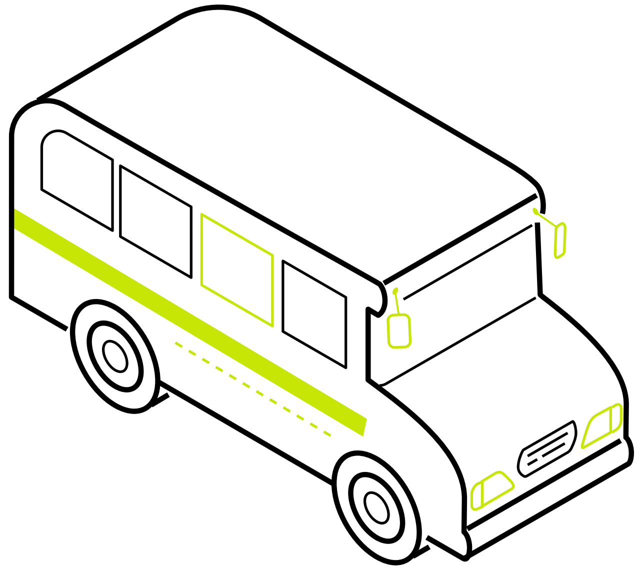
	2023	2022	Δ23-22 (%)	2021
Revenue	7,690	7,180	7.1	6,112
Total costs	5,453	5,752	(5.2)	4,406
General expenses	1,227	882	39.1	987
Operating profit	1,010	546	85.0	719
EBITDA	1,647	1,248	32.0	1,365
EBITDA margin (%)	21.4	17.4	404 pbs	22.3

CARGO MOBILITY - OPERATIONAL INDICATORS

	2023	2022	Δ23-22 (%)	2021
Load factor	0.97	0.96	0.8	0.96
Kilometers driven (millions)	248.0	271.9	(8.8)	269.8
Average fleet (power units)	2,240	2,331	(3.9)	2,244
Average fleet age (years)	5.2	4.8	8.3	4.1
Average revenue per kilometer (MXN/km)	29.68	25.01	18.7	22.31
Average costs per kilometer (MXN/km)	21.65	20.88	3.7	15.99

People Mobility Indicators

The People Mobility segment registered an increase in revenue of $1,582 million pesos in 2023, representing a growth of 21.3% compared to 2022. This increase is primarily due to the high demand for these services, especially in the northern part of the country and the Bajío region, as a result of the nearshoring trend. This trend led to a 15.6% growth in the fleet and a 12.5% increase in kilometers traveled.



PEOPLE MOBILITY - FINANCIAL INDICATORS (millions of mxn)

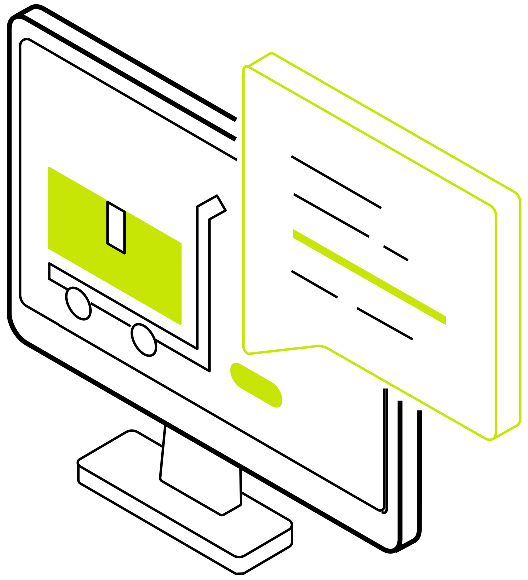
	2023	2022	Δ23-22 (%)	2021
Revenue	9,002	7,420	21.3	6,369
Total costs	6,285	5,398	16.4	4,210
General expenses	1,274	939	35.7	1,009
Operating profit	1,443	1,083	33.2	1,150
EBITDA	2,298	1,840	24.9	1,730
EBITDA margin (%)	25.5	24.8	73 pbs	27.2

PEOPLE MOBILITY - OPERATIONAL INDICATORS

	2023	2022	Δ23-22 (%)	2021
Kilometers driven (millions)	451.1	400.8	12.5	359.0
Average fleet (power units)	7,341	6,348	15.6	5,694
Average fleet age (years)	4.8	5.2	(7.7)	4.7
Average revenue per kilometer (MXN/km)	19.96	18.51	7.8	17.74
Average costs per kilometer (MXN/km)	13.93	13.47	3.4	11.73

Logistics and Technology Indicators

The segment grew by 41.7% in 2023, making the largest contribution to the company's consolidated revenues growth. Thes increase is primarily due to expansions in the 3PL business and the pharmaceutical vertical. Similarly, our digital applications continue to show accelerated growth rates. This expansion required pre-operational costs, mainly to strengthen the labor structure to support the business's expansion plans.



LOGISTICS AND TECHNOLOGY - FINANCIAL INDICATORS (millions of mxn)

	2023	2022	Δ23-22 (%)	2021
Revenue	8,115	5,725	41.7	4,606
Total costs	7,251	4,914	47.6	4,010
General expenses	894	652	36.7	379
Operating profit	(30)	159	(119.1)	217
EBITDA	654	555	17.8	439
EBITDA margin (%)	8.1	9.7	(164) pbs	9.5

LOGISTICS AND TECHNOLOGY - OPERATIONAL INDICATORS (millions of mxn)

	2023	2022	Δ23-22 (%)	2021
Average fleet (power units in last mile)	720	808	(10.9)	791
Warehouse space (m^2)	787,923	674,020	16.9	578,360
Average revenue per kilometer (MXN)	217	176.20	23.2	172.90
Average costs per m^2 (MXN)	154.3	119.38	29.2	118.56

Capital Stock and Share Price

Grupo Traxión has been listed on the Mexican Stock Exchange (BMV: TRAXIONA) since September 29, 2017. As of December 31, 2023, the company's market capitalization stood at $19,765 million pesos, supported by 567,790,504 outstanding shares.

By the end of 2023, the share price was $34.81 pesos, reaching a minimum and maximum price of $26.53 and $39.94 pesos respectively, with a trade volume of 1,585,627 shares throughout the year.

On August 11, 2023, a total of 143,306,920 shares representing Traxion's capital stock were issued and sold at a price of $30.00 pesos per share. Of these, 84,719,775 shares were issued 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 over-allotment option for 9,314,753 shares was exercised at the offering price of Ps. 30.00 per share.

Debt profile

We are dedicated to maintaining healthy and sustainable debt levels and operating cash flow, which are crucial for our financial stability and responsible growth. This can be appreciated in our debt-breakdown figures, and especially in our conservative leverage ratios:

In 2023, our debt grew 4.2%, up from $9,936 to $10,355 million pesos, with a net debt to EBITDA ratio of 1.96x at year-end.

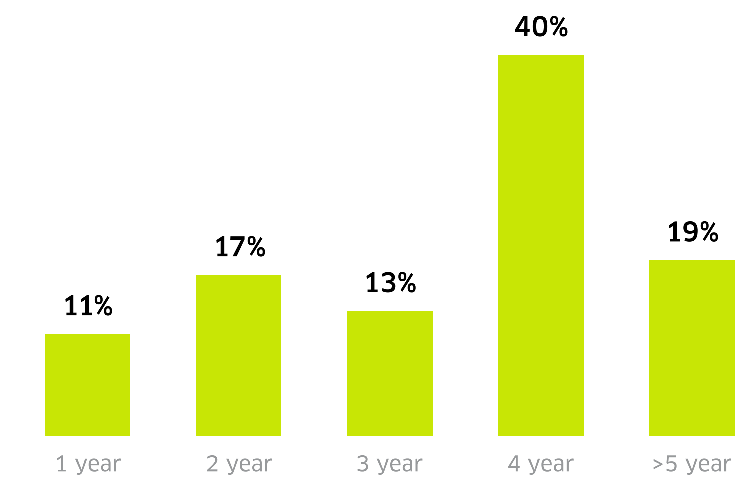
Our approach and main achievements in 2023 include:

- **Working Capital Optimization:** We further enhanced our Order to Cash process and are progressively implementing a Supply Chain Finance program to improve efficiency and reduce costs.
- **Active Debt Management:** We improved debt spreads and terms, which reflect our strong balance sheet, amidst high interest rates. We also diversified our financing sources, incorporating both private and public debt.
- **Efficient Cash Flow Management:** We further automated our treasury processes through strategies such as Host to Host (H2H) company-to-bank integration. Additionally, we maintained and acquired new committed credit lines to strengthen our liquidity.

DEBT BREAKDOWN (millions of mxn)

	2023	2022	Δ23-22 (%)	2021
Short-term debt	1,087	1,092	(0.5)	456
Capitalizable short-term leasing	102	126	(19.0)	120
Long-term debt[3]	9,097	8,514	6.8	5,562
Capitalizable long-term leasing	69	203	(66)	361
Total debt	**10,355**	**9,936**	**4.2**	**6,499**
Cash[4]	1,380	1,125	22.7	1,295
Net debt	**8,975**	**8,810**	**1.9**	**5,204**

MATURITY PROFILE



LEVERAGE RATIO

	2023
Total debt / EBITDA last 12 months[5]	2.27x
Net debt[6] / EBITDA last 12 months	1.96x
Total debt / Stockholders' equity	0.74x

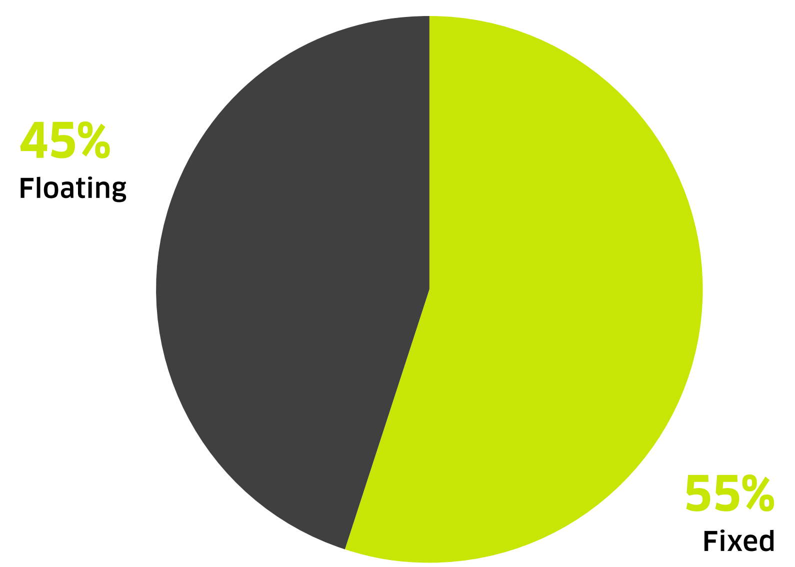
[3] Includes 2,500,000 pesos in bonds issued through the Institutional Stock Exchange (BIVA) in Mexico.

[4] Includes cash and equivalents and investment in shares.

[5] EBITDA last 12 months/debt as determined by the syndicated loan; includes 2023 proforma EBITDA for acquisitions.

[6] Includes the effect of derivative financial instruments.

RATE



CapEx

We operate based on a strong financial discipline, which is reinforced by our nature as a public and institutional company. We strive to maintain adequate capital to meet our operational and strategic needs while preserving market confidence in our business, financing capital expenditures through a mix of equity and debt. This is achieved through efficient cash management, monitoring of revenues and profits, and the execution of long-term investment plans.

We apply a rigorous CapEx allocation process through a committee that approves and monitors the profitability of our investments in accordance with our growth strategy, and well-established return on investment guidelines.

As our business has continued to evolve, we have focused on asset-light business models that allow us to increase our operational capacity, maximizing our own and third-party resources. At year-end our investments in CapEx stood at $3,434 million pesos, of which 68.0% was allocated to the People Mobility segment mainly for growth, followed by the Cargo Mobility segment with 30.5% mainly for renovation, and 1.6% to the Logistics and Technology segment, which as mentioned is less CapEx dependent for growth. Additionally, $61.2 million pesos were used in mergers and acquisitions for the purchase of BBA Logistics.

GRI 201-1

Economic Value Distributed

Based on our operational and financial management, our goal is to create value for all our stakeholders. This is reflected in how we distribute our economic value generated across several areas, such as employee remuneration, taxes, and the creation of opportunities within our supply chain.

Below, we describe the relationship between the value we generate and the value we distribute. The difference corresponds to the economic value retained, enabling us to continue creating opportunities in the short and medium term.

ECONOMIC VALUE GENERATED AND DISTRIBUTED (thousands of mxn)

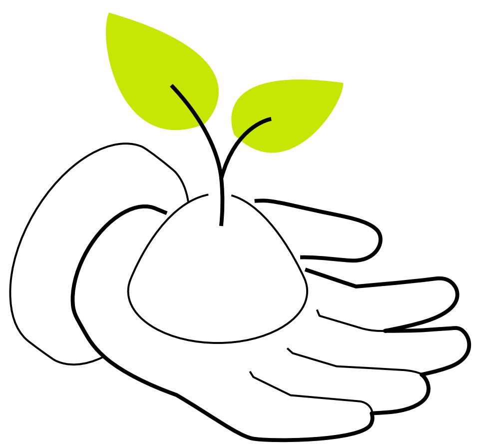
	2023	2022	Δ23-22 (%)
Economic Value Generated (EVG)	**25,153,964**	**20,884,667**	**20.4**
Net income from services	24,806,636	20,325,043	22.0
Other operational income	272,479	524,423	(48.0)
Income from interests	74,849	35,201	112.6
Economic Value Distributed (EVD)	**22,253,955**	**18,232,633**	**22.1**
Costs, operating expenses, other expenses (excluding depreciation and amortization)	13,532,803	12,603,006	7.4
Salaries and benefits (employees)	6,988,153	4,639,439	50.6
Payments to suppliers of capital	1,458,877	894,979	63.0
Investments in the community	8,837	7,881	12.1
Payments to the government (taxes)	265,285	87,327	203.8
Economic Value Retained (EVR)	**2,900,009**	**2,652,034**	**9.4**

Notes:
Revenue: Net sales + income from financial investments (interests) + other income
Costs: Operational costs, general expenses, and other expenses (excluding depreciation and amortization).
Payments to suppliers of capital: Interests on debt + costs from delays in dividend payments.
Payments to the government: The sum of all taxes paid by the company (excluding differed taxes). We received no financial aid from government entities.
Investment in the community: Contributions made by Traxión to the Traxión Foundation, including salaries; scholarships for the children of employees; contributions to other social programs. The amount of Traxión's social investment presented herein differs from the table included in the chapter "People: Community" given that the social investment considered in the EVD does not include the value of employee volunteer hours since it is an estimate, nor the value of in-kind contributions made by Traxión.

Appendix

Appendix I ESG Results

Environmental dimension



Fuel Management

Filtration System

	2020	2021	2022	2023
Investment (pesos)	505,166	2,208,725	2,701,226	1,710,369
Operational filtering stations	3	9	9	9
Filtered liters (million)	7.6	42.4	62.8	44.9
Liters saved	153,476	848,282	1,256,384	897,196
Carbon emissions avoided (tCO_2e)	435	2,405	3,606	2,575
Monetary savings (millions of pesos)	2.3	12.7	23.8	16.8

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

GRI 302-1, 302-3, 302-4, 302-5
SASB TR-RO-110a.3

Energy

Total fuel consumption and energy

	2019	2020	2021	2022	2023
Diesel (liters)	163,674,772	160,636,656	178,559,810	190,597,387	199,962,609
Gasoline (liters)	2,569,000	2,703,332	5,495,882	5,666,581	7,446,215
Natural gas (cubic meters)	1,397,467	2,157,160	2,240,239	2,536,257	2,162,913
LP Gas (liters)	NA	NA	5,817	146,327	279,985
Electric Power (kWh)	NA	NA	7,060,025	7,756,476	15,186,425

NA: Not Available

Notes:

The significant increase in gasoline liters from 2021 to 2022 is due to a reclassification of data and an expansion in the scope of reported emission sources, including utility vehicles, forklifts, and other mobile equipment.

Since 2021, we have broadened the scope of reported emission sources to include LP gas used in fixed sources and forklifts.

The rise in kWh of electricity in 2023 compared to previous years is due to improved energy data collection and the addition of new facilities.

Energy consumption for 2023	MWh	GJ	%
Diesel	2,119,354	7,629,674	95.0
Gasoline	73,029	262,904	3.3
Natural gas	20,153	72,551	0.9
LP Gas	2,301	8,283	0.1
Electricity	15,186	54,671	0.7
Total	**2,230,023**	**8,028,083**	**100.00**

Energy consumption (MWh)	2019	2020	2021	2022	2023
Diesel	1,732,964	1,681,150	1,868,726	2,019,681	2,119,354
Gasoline	25,104	24,886	50,594	55,571	73,029
Natural gas	14,801	22,847	20,873	23,632	20,153
LP Gas	NA	NA	42	1,062	2,301
Electricity	NA	NA	7,060	7,756	15,186
Total	**1,772,869**	**1,728,883**	**1,947,295**	**2,107,702**	**2,230,023**

Energy consumption (GJ)	2019	2020	2021	2022	2023
Diesel	6,238,669	6,052,141	6,727,413	7,270,852	7,629,674
Gasoline	90,375	89,591	182,139	200,057	262,904
Natural gas	53,283	82,248	75,144	85,074	72,551
LP gas	NA	NA	152	3,822	8,283
Electric Power	NA	NA	25,416	27,923	54,671
Total	**6,382,326**	**6,223,980**	**7,010,265**	**7,587,728**	**8,028,083**

Fleet fuel used (Thousands of liters)

	2023	%
Diesel	199,847.9	96.7%
Gasoline	4,755.1	2.3%
Natural gas	2,162.9	1.0%
Total	**206,765.9**	**100%**

Energy intensity (Provision of services)

	2019	2020	2021	2022	2023
Diesel consumption intensity by revenue (liters per $1,000 pesos in revenue)	13.47	11.24	10.45	9.37	8.06
Diesel consumption intensity by kilometers driven (liters/kilometers)	0.285	0.274	0.271	0.271	0.276
Diesel efficiency (kilometers/liters)	3.51	3.65	3.68	3.69	3.63

Energy intensity (GJ/Revenue)

	2019	2020	2021	2022	2023
Energy intensity by revenue (GJ/revenue in thousands of pesos)	0.525	0.435	0.410	0.373	0.324

GRI 305-1, 305-2, 305-3, 305-4, 305-5
SASB TR-AF-430a.2, TR-RO-110a.1, TR-RO-110a.2, TR-AF-110a.1

GHG emissions

Total GHG emissions scope 1 & 2 (tCO_2e)

	2019	2020	2021	2022	2023
Scope 1	479,101	466,732	525,736	590,188	625,503
Scope 2	NA	NA	2,986	3,374	6,652
Total (S1+S2)	**NA**	**NA**	**528,722**	**593,562**	**632,155**

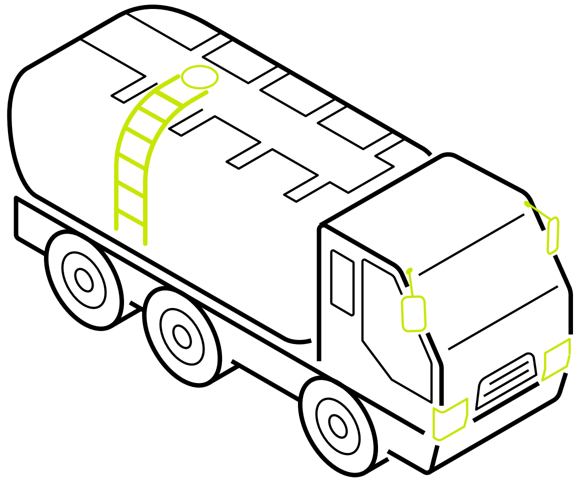
Note: The increase in Scope 2 emissions recorded between 2022 and 2023 is due to improved energy data collection and the addition of new facilities.

GHG emission by source

Scope	Type	General Description	tCO_2e		%	
Scope 1	Stationary combustion	Fossil fuel and acetylene consumption at facilities	179.4	625,503.4	0.03%	98.95%
	Mobile	Fossil fuel consumption in forklifts, services vehicles (trailer trucks, trucks, buses, motorcycles, vans, etc.), utility vehicles, fuel coupons (an employee benefit), and fuel travel expenses in business trips.	27,615.5		4.37%	
	Fugitive	Use and consumption of refrigerant gases in facilities and vehicles, lubricants and CO_2 in extinguishers, welding, and dry ice.	597,708.4		94.55%	
Scope 2	Location-based	Electric power consumption from the national electricity network.	6,651.7		1.05%	
	Market-based					
Total			632,155.1		100.00%	

GHG emissions intensity (mobile sources for the provision of services)

	2019	2020	2021	2022	2023	2023 Targets
Scope 1 GHG emissions gCO_2e / km driven	834	796	792	801.33	814.28	803.38
Scope 1 GHG emissions gCO_2e / Revenue (pesos)	39	33	30	27.70	23.79	NA
gCO_2e per passenger-kilometer People Mobility	NA	NA	NA	20.77	20.32	NA
gCO_2e per tonne-kilometer Cargo and Last mile	NA	NA	NA	67.41	64.50	NA
gCO_2e per tonne-kilometer Cargo Mobility	NA	NA	NA	64.43	61.92	NA
gCO_2e per tonne-kilometer Last mile	NA	NA	NA	1,339.74	1,272.98	NA



NA: Not Avaliable

Notes:

(a) In previous years' reports, emissions were reported in tons of CO_2 equivalent per 1,000 kilometers driven (tCO_2 e / 1,000 km). This year, we have changed the reporting units to grams of CO_2 equivalent per kilometer driven (g CO_2e / km).

(b) The reduction in GHG emissions per revenue compared to previous years is partly due to the increase in revenue from asset-light solutions as part of total income.

Scope 3 GHG emissions 2023

Type	Category	Description	tCO_2e emissions	% Emissions	Calculation method	Source of information (activities data)
Upstream	1	Purchased goods and services	4,598.97	1.15	Lubricants: Average data method Packaging materials: method based on expenses Telephone services, uniforms, insurance policies, and spare parts: Expense-based method.	Purchase of packaging materials and lubricant consumption
	2	Capital goods	45,494.93	11.41	Expense-based method.	Acquisition Tractor trucks Trucks/buses Vans Boxes and hauling equipment Licenses and software RED, CCTV Systems
	3	Activities related to fuel and energy consumption (not included in Scope 1 and 2)	131,601.20	33.02	Average data method	Consumption of fossil fuels and electric power
	4	Transportation and distribution	202,507.47	50.80	Fuel-based method Distance-based method	Transport and distribution of Traxporta Nacional, Traxporta Internacional, BBA Logistics, and VModal operations.
	5	Waste generated in operations	2,972.38	0.75	Waste-specific method	Waste generated from Business Unit operations.
	6	Business travel	5,134.39	1.29	Distance-based method	Transportation of employees for business trips by plane and bus.
	7	Employee commuting	6,299.55	1.58	Average data method and extrapolation of emissions	Distance traveled by employees between their home and the workplace
Total			398,608.89	100%		

Note: As a service provider, Traxión does not manufacture products. Therefore, the categories related to the sale, processing, and disposal of downstream products are not applicable to us.

Comprative summary of scope 3 GHG emissions 2022-2023

Category	2022 tCO_2e emissions	2023 tCO_2e emissions	Comments
1. Purchased goods and services	966.45	4,598.97	For the year 2022, the acquisition of lubricating oils was reported for all business units, and packaging materials were reported only for Medistik, Publica, and SID Logistics. In 2023, the scope of services and products acquired expanded to include telephone services, insurance policies, spare parts, and uniforms, with packaging materials now included for applicable business units.
2. Capital goods	30,982.64	45,494.93	The increase in emissions in this category is due to the company's growth.
3. Activities related to fuel and energy consumption (not included in Scope 1 and 2)	124,035.40	131,601.20	The increase in emissions in this category is due to the company's growth.
4. Transportation and distribution	NA	202,507.47	In 2022, emissions related to the operation of Traxporta were categorized in Category 8 (Upstream leased assets). However, for 2023, they were reclassified to this category.
5. Waste generated in operations	NA	2,972.38	This is the first year that the calculation for this category of emissions has been conducted.
6. Business travel	NA	5,134.39	This is the first year that the calculation for this category of emissions has been conducted.
7. Employee commuting	8,160.55	6,299.55	In 2022, no proportional differentiation was made between operators, operational staff, and administrative personnel when using the average data method and emissions extrapolation.
8. Upstream leased assets	48,769.54	0	In 2022, emissions related to the operation of Traxporta were categorized in this group. However, for 2023, they were reclassified to Category 4 (upstream transportation and distribution).
TOTAL	**212,914.58**	**398,608.88**	

NA: Not Available

GRI 305-7
SASB TR-RO-120a.1, TR-AF-120a.1

Criteria air pollutants

Criteria air pollutants emissions

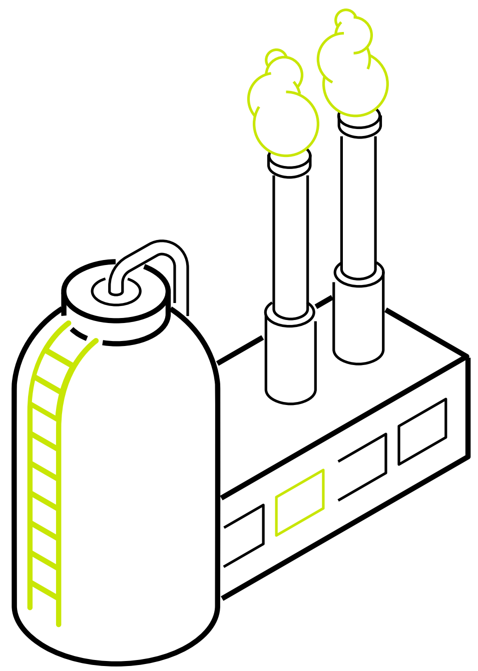
	Nitrogen oxides NOx	Sulfur dioxide SO_2	Particulate matter $PM_{2.5}$	Carbon monoxide CO	Non-Methane volatile organic compounds NMVOC	Nitrous oxide N_2O	Ammonia NH_3	Plumb Pb	Black Carbon BC
2023 Emissions (Tonnes)	20,439.8	5.8	182.6	8,306.9	670.9	9.2	5.2	0.01	84.8

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

Circular economy

Tire consumption and reutilization

	New tires	Renovated tires	% renovation
People Mobility	11,545	3,208	21.8%
Cargo Mobility	5,966	6,846	53.4%
Total	**17,511**	**10,055**	**36.5%**



GRI 3-3, 306-1, 306-2, 306-3, 306-4, 306-5
SASB TR-RO-540a.2

Waste management

Waste generation

	2023 Waste generated (Tonnes)	%
Hazardous	1,683.7	24.9
Non-hazardous	5,067.7	75.1
Total	**6,751.4**	**100%**

Note: 82% of the reported tonnes are estimate.

Waste disposal

	Reused / recycled		Landfilled or controlled containment		Incinerated with energy recovery	
	Tonnes	%	Tonnes	%	Tonnes	%
Hazardous	1,547.0	91.88	136.1	8.08	0.7	0.04
Non-hazardous	2,516.2	49.65	1,727.9	34.10	823.6	16.25
Total	**4,063.1**	**60.2%**	**1,864.0**	**27.6%**	**824.3**	**12.2%**

GRI 303-1, 303-2, 303-3, 303-4

Water management

Water withdrawal

	2023
Water withdrawal volume (m^3)	219,573.1

Note: 78% of the cubic meters reported are estimated.

Water sources

	2023
Municipal network	74.7%
Authorized tanker trucks	18.3%
Wells	7.0%

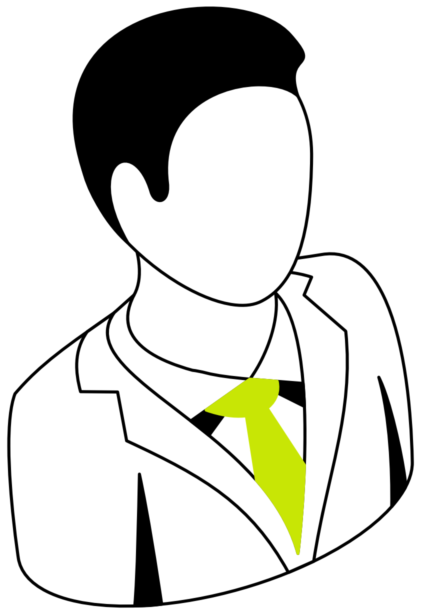
Water discharge

	2023
Municipal network	94.4%
External authorized suppliers	4.2%
Onsite repurposing	1.4%

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

Appendix I ESG Results

Social dimension



Labor Demographics

Number of employees by employment category, gender, and age

Employment Category	Gender	Age	2021	2022	2023
Top Management	Men	Total	86	77	118
		Younger than 30	0	1	0
		Between 30 and 50	53	42	65
		Older than 50	33	34	53
	Women	Total	10	12	19
		Younger than 30	1	0	1
		Between 30 and 50	6	4	7
		Older than 50	3	8	11
Middle Management	Men	Total	242	301	365
		Younger than 30	12	7	17
		Between 30 and 50	178	218	260
		Older than 50	52	76	88
	Women	Total	89	98	129
		Younger than 30	9	2	4
		Between 30 and 50	64	86	103
		Older than 50	16	10	22
Commercial Staff	Men	Total	234	485	447
		Younger than 30	65	81	65
		Between 30 and 50	152	369	346
		Older than 50	17	35	36
	Women	Total	301	369	309
		Younger than 30	105	103	85
		Between 30 and 50	175	232	198
		Older than 50	21	34	26

Number of employees by employment category, gender, and age

Employment Category	Gender	Age	2021	2022	2023
Administrative Staff	Men	Total	1,783	2,122	3,213
		Younger than 30	501	546	838
		Between 30 and 50	1,039	1,319	1,978
		Older than 50	243	257	397
	Women	Total	1,138	1,189	2,053
		Younger than 30	386	401	732
		Between 30 and 50	633	703	1,143
		Older than 50	119	85	178
Transportation Units Operators	Men	Total	10,035	10,404	10,869
		Younger than 30	1,802	1,755	1,829
		Between 30 and 50	6,501	6,769	6,742
		Older than 50	1,732	1,880	2,298
	Women	Total	138	146	316
		Younger than 30	16	25	73
		Between 30 and 50	106	98	215
		Older than 50	16	23	28
Other operational staff (maintenance, repair shops, warehouses, last mile operational centers)	Men	Total	2,475	3,959	3,304
		Younger than 30	1,056	980	1,197
		Between 30 and 50	1,185	2,526	1,599
		Older than 50	234	453	508
	Women	Total	865	926	1,054
		Younger than 30	404	268	458
		Between 30 and 50	399	559	492
		Older than 50	62	99	104

Employee Nationalities

	% global	% middle and top management
Mexico	99.748%	97.781%
Argentina	0.014%	0.317%
Colombia	0.063%	1.109%
Cuba	0.014%	0.158
Ecuador	0.005%	0
Spain	0.009%	0.158%
United Kingdom of Great Britain	0.009%	0.158%
Honduras	0.014%	0
Haiti	0.009%	0
Peru	0.005%	0
El Salvador	0.032%	0.158%
United States	0.054%	0
Venezuela	0.027%	0.158%

GRI 405-1

Diversity and Inclusion

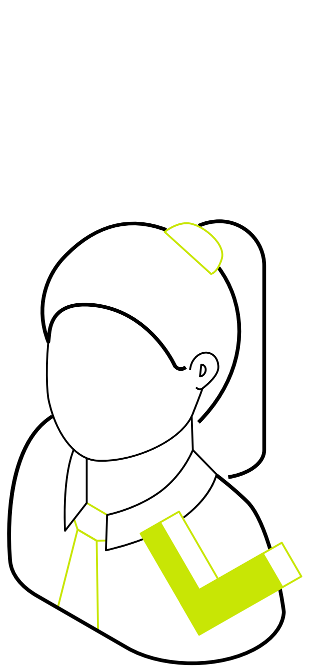
Positions Occupied by Women

Employment Category	Gender	2021	2022	2023
Total workforce	Total	17,396	20,088	22,196
	Women	2,541	2,740	3,880
	%	14.6%	13.6%	17.5%
All management positions (top and middle management)	Total	427	488	631
	Women	99	110	148
	%	23.2%	22.5%	23.5%
Top management	Total	96	89	137
	Women	10	12	19
	%	10.4%	13.5%	13.9%
Middle Management	Total	331	399	494
	Women	89	98	129
	%	26.9%	24.6%	26.1%
Top and Middle Management with Commercial Functions (managers with revenue-generating functions and/or with a responsibility for gains and losses)	Total	535	854	756
	Women	301	369	309
	%	37.0%	57.6%	28.9%
Administrative staff	Total	2,921	3,311	5,266
	Women	1,138	1,189	2,053
	%	39.0%	35.9%	39.0%
STEM positions (science, technology, engineering, and mathematics)	Total	-	152	325
	Women	-	29	46
	%	-	19.1%	14.2%
Operators and other operational staff	Total	13,513	15,435	15,543
	Women	1,003	1,072	1,370
	%	7.4%	6.9%	8.8%

GRI 405-2

Gender pay gap

	Difference between men and women employees 2023
Mean gender pay gap	0.2%
Median gender pay gap	0.3%
Mean bonus gap	0.2%
Median bonus gap	0.3%



GRI 401-1
SASB TR-RO-320a.2, SV-PS-330a.2

Attraction and Retention

Hires

	2021	2022	2023
Total Number of hires	15,438	17,936	21,731
Percentage of open positions filled by internal candidates	-	14%	13%
Hires by gender			
Women	13.5 %	14.0 %	15.8 %
Men	86.5 %	86.0 %	84.2 %
Hires by employee category			
Administrative staff	-	-	24.1 %
Operators and other operational staff	-	-	75.9 %
Hires by age			
Younger than 30	-	-	32.8 %
Between 30 and 50	-	-	56.4 %
Older than 50	-	-	10.8 %
Hires by nationality			
Mexico	-	-	21,698
Argentina	-	-	3
Colombia	-	-	11
Cuba	-	-	2
Ecuador	-	-	1
Spain	-	-	2
United Kingdom of Great Britain	-	-	1
Honduras	-	-	1
Haiti	-	-	1
El Salvador	-	-	3
United States	-	-	4
Venezuela	-	-	4

Voluntary Job losses

	2021	2022	2023
Number of voluntary job losses	5,698	7,908	10,024
Voluntary job losses by gender			
Women	19.9 %	20.0 %	18.9 %
Men	80.1 %	80.0 %	81.1 %
Voluntary job losses by employee category			
Administrative staff	-	-	13.5 %
Operators and Other operational staff	-	-	86.5 %

Involuntary Job losses

	2021	2022	2023
Number of involuntary job losses (layoffs, deaths)	4,581	8,016	3,176
Involuntary job losses by gender			
Women	9.2 %	9.0 %	12.8 %
Men	90.8 %	91.0 %	87.2 %
Involuntary job losses by employee category			
Administrative staff	-	-	12.0 %
Operators and Other operational staff	-	-	88.0 %

GRI 404-1, 404-3

Turnover rate

	2021	2022	2023
Total turnover rate (%)	**48.2 %**	**61.2 %**	**76.3 %**
Administrative Staff (%)	36.8 %	47.7 %	56.2%
Operators and other operational staff (%)	51.8 %	65.5 %	78.4%
Voluntary turnover rate (%)	**34.5 %**	**46.6 %**	**54.4%**
Administrative Staff (%)	27.1 %	36.3 %	36.1%
Operators and other operational staff (%)	36.9 %	49.9 %	59.0%

Notes:
- We estimate the turnover rate as #employees who left the company*100/#total headcount at year-end.
- For operators, we monitor the turnover rate on a weekly basis. We estimate it by dividing the total number of weekly terminations by the average headcount for that given week. The result of the weekly turnover rate is then added to obtain the cumulative annual turnover rate.
- Starting in 2021, we began to estimate the total turnover rate as statistical data. For management purposes, we use our own rates for each employment category.

Average hiring costs

	2021	2022	2023
Cargo Mobility	$10,000	$18,000	$21,038
People Mobility		$14,500	$13,837
Logistics and Technology	$4,000	$6,000	$15,678

Training and Development

Employee Training

	2021	2022	2023
Total training hours	253,956	208,573	402,909
Total investment in training **(millions of MXN)**	8.9	12.7	47.3
Average training hours per employee	12	17	16
Average training hours by gender			
Men	12	17	17
Women	11	16	14
Average training hours by employee category			
Administrative Staff	11	15	12
Operators and other operational staff	12	19	20

Performance Appraisal

	2021	2022	2023
Total	100%	100%	100%
Performance Appraisal by gender			
Men	100%	100%	100%
Women	100%	100%	100%
Performance Appraisal by employee category			
Administrative Staff	100%	100%	100%
Drivers and other operational staff	100%	100%	100%

GRI 403-6, 403-9, 403-10
SASB TR-RO-320a.1, TR-RO-540a.1, TR-AF-320a.1, TR-AF-540a.3

Health and safety

Monthly preventive health campaigns

January	Campaign against chronic degenerative diseases (metabolic syndrome)
February	Prostate cancer prevention
March	Campaign against addictions (drugs and alcohol)
April	Family planning
May	Hypertension prevention, includes anti-smoking
June	Nutrition and weight control
July	Digestive health, includes diarrhea prevention and hygiene for hands and food
August	Eye health/ mouth health
September	Mental health - importance of sleep, stress management, depression, anxiety
October	Breast cancer prevention
November	Vaccination campaigns and respiratory diseases prevention
December	Campaign against HIV, syphilis, and hepatitis C

Work-related diseases

Diseases	2023 Cases	Description
Osteoarticular	4	• Cervical disc disorder with radiculopathy • Lumbar spondyloarthrosis with L5/S1 herniated disc • Lumbar intervertebral disc disorder L4-L5 • Lumbar spondyloarthrosis
Osteotendinous	2	• Rotator cuff syndrome • Left supraspinatus tendinosis

Work-related injuries

EMPLOYEES	2021	2022	2023
Work related fatalities for employees	3	4	8
Fatalities Rate	0.04	0.05	0.11
Total Lost-Time Injuries	590	422	487
Total Hours Worked	82,020,776	87,985,440	72,040,650
Lost-time Injuries Frequency Rate (LTIFR) for employees	7.19	4.80	6.76

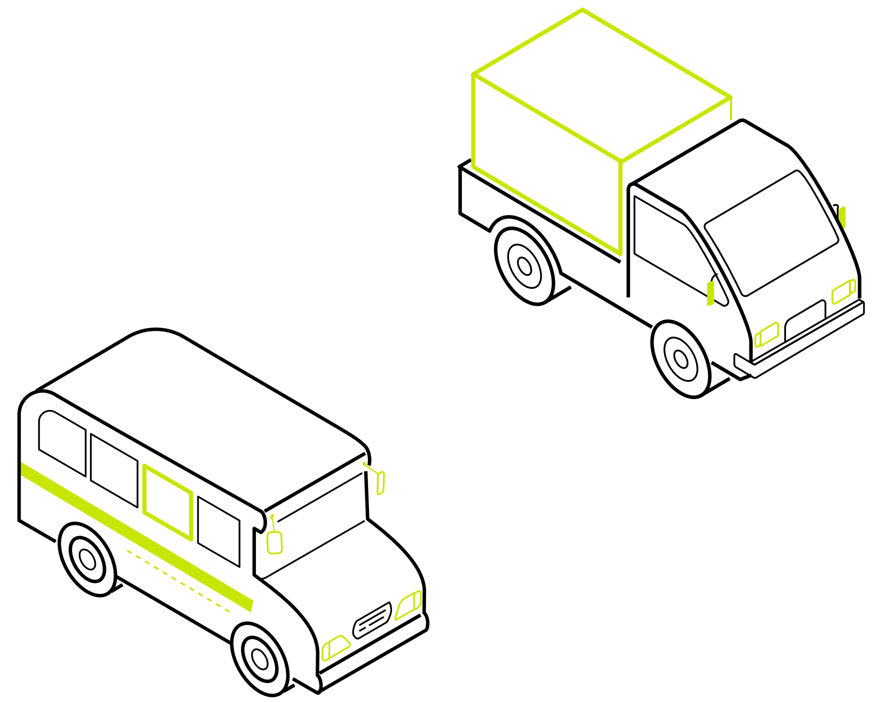
Notes:

- Fatalities rate = (Total registered fatalities / Total hours worked) x 1,000,000. Lost-time Injuries Frequency Rate (LTIFR) = (Total lost-time injuries / Total hours worked) x 1,000,000.
- The decrease in total hours worked in 2023 is due mainly to a methodological improvement in the calculation.

CONTRACTORS	2021	2022	2023
Work related fatalities for contractors	-	-	0
Total Lost-Time Injuries	-	-	0
Lost-time Injuries Frequency Rate (LTIFR) for contractors	-	-	0

WORK-RELATED HAZARDS AND INJURIES

Segment	Work-related hazards	Types of work-related injuries
People Mobility	• Road accidents such as collisions and other traffic-related incidents involving passenger vehicles • Same-level falls • Falls from height	• Fractures, contusions and minor injuries resulting from road accidents or falls
Cargo Mobility	• Road accidents such as collisions and rollovers involving cargo vehicles • Same-level falls • Falls from height	• Fractures, contusions and minor injuries resulting from road accidents or falls
Logistics and Techonology	• Manual handling of loads • Cargo handling equipment • Struck by moving objects • Same-level falls	• Musculoskeletal injuries • Contusions



Road incidents

		2021			2022			2023		
Business Segment		**Incidents**	**Trips**	**Ratio**	**Incidents**	**Trips**	**Ratio**	**Incidents**	**Trips**	**Ratio**
People Mobility	Road accidents	2,451	8,232,701	0.030%	3,295	8,607,590	0.038%	4,588	8,934,316	0.051%
	Robberies	16		0.00019%	8		0.00009%	27		0.00030%
Cargo Mobility and Last Mile	Road accidents	2,481	340,132	0.729%	1,991	318,489	0.625%	2,182	289,463	0.754%
	Robberies	48		0.014%	6		0.002%	50		0.017%

Notes: The data is for road accidents and robberies that are reported by insurance companies (claims). Robberies include the theft of power units and merchandise.

GRI 2-9, 2-10, 2-11, 2-26

Appendix I ESG Results

Governance dimension

Board and main Committees

Board of Directors

Name	Role and Status	Gender	Years of experience	Participation on other boards*
Bernardo Lijtszain Bimstein	Chairman Related Member Executive	Male	50	0
Aby Lijtszain Chernizky	Related Member Executive	Male	25	0
Rodolfo Mercado Franco	Related Member Executive	Male	25	0
Abel Puszkar Kessel	Related Member Non-executive	Male	25	0
José Ramón Suárez Rotter	Related Member Non-executive	Male	50	0
Marina Diaz Ibarra	Independent Member	Female	18	1
Jorge Vargas Diez-Barroso	Independent Member	Male	45	0
Alberto Moreno Ruíz Esparza	Independent Member	Male	30	0
Carlos Miguel Mendoza Valencia	Independent Member	Male	40	0
Harry Frederick Krensky	Independent Member	Male	41	1
Arturo José Saval Pérez	Independent Member	Male	35	2
Roberto Langenauer Neuman	Independent Member	Male	26	0
Aarón Dychter Poltolarek	Independent Member	Male	50	1
Marcos Metta Cohen	Independent Member	Male	35	0
Juan Mauricio Wurmser Cobos	Independent Member	Male	23	0

Note: In January 2023, Juan Mauricio Wurmser Cobos tendered his resignation from the board of Traxión. This was followed by the resignation of Marcos Metta Cohen in October 2023. As of the end of 2023, Traxión was seeking qualified independent candidates to fill these board positions.

Executive Commitee

Name	Role and Status
Alberto Moreno Ruíz Esparza	Independent Member - Chairman
Arturo José Saval Pérez	Independent Member
Iker Paullada Eguirao	Independent Member
Bernardo Lijtszain Bimstein	Related Member
Aby Lijtszain Chernizky	Related Member

Nominations and Compensation Committee

Name	Role and Status
Bernardo Lijtszain Bimstein	Related Member - Chairman
Aby Lijtszain Chernizky	Related Member
Avi Yakob Puszkar Reich	Related Member
Alberto Moreno Ruíz Esparza	Independent Member
Iker Paullada Eguirao	Independent Member

Corporate Practices and Sustainability Committee

Name	Role and Status
Arturo José Saval Pérez	Independent Member - Chairman
Alberto Moreno Ruíz Esparza	Independent Member
Aaron Dychter Poltolarek	Independent Member
Carlos Miguel Mendoza Valencia	Independent Member

Audit Commitee

Name	Role and Status
Aaron Dychter Poltolarek	Independent Member - Chairman
Carlos Miguel Mendoza Valencia	Independent Member
Arturo José Saval Pérez	Independent Member
Adolfo Salame Mussali	Secretary non Member

GRI 205-2, 205-3

Ethics and Compliance

Reports on breaches against the Code of Ethics and Conduct

Corruption or bribery cases	1
Discrimination	0
Harassment	27
Customer privacy data	0
Conflicts of interest	0
Money laundering or insider trading	0

Notes:

The corruption case mentioned in the table refers to an incident where an internal instructor was demanding mandatory fees from operators enrolling in training. As a result, the company decided to terminate the employment relationship.

The harassment cases correspond to the following issues: 3 related to workplace mobbing or bullying, 11 to psychosocial risk factors, 5 to workplace harassment, 2 to sexual harassment, and 6 to abuse of authority.

Other Reports

Human resources issues	31
Customer service	0
Theft/fraud	0
Operational issues	4

Notes:

Human resources issues include dismissals, settlements or payments.

Theft/fraud refers to resource theft and misappropriation of funds, unregistered trips, parcel theft, deviation of resources, extortion, and the selling of trips.

Operational issues refer to trip allocation, labor risks, and the use of illegal substances.

Case resolution

Verbal attention call	12
Administrative reprimand	5
Termination and administrative letter	0
Reparation of damage	7
Termination of the labor relationship	12
Audit performed	0
Pending payments	27

GRI 3-1, 3-2

Appendix II.1

Double materiality analysis

At **Traxión** we recognize the critical importance of understanding and addressing key sustainability issues by considering both the impact of our activities on society and the environment, and the social and environmental risks and opportunities that impact our business and stakeholders.

Our sustainability materiality assessment has evolved significantly since its inception towards a double materiality analysis. Initially, we focused on examining our social and environmental impacts, engaging directly with stakeholders and our top management to gain a comprehensive understanding of priority issues. As our understanding deepened, we expanded our focus to include financial materiality, recognizing how sustainability issues can affect our economic performance and access to capital.

In our industry, where environmental and social impacts are substantial, staying attuned to evolving sustainability trends is crucial. We've embraced this challenge by updating our materiality analysis every two years to reflect changes in our business operations, the Mexican context, and the expectations of the financial market. This ongoing process ensures that our sustainability efforts remain relevant and impactful in a rapidly changing landscape.

Our commitment to robust governance is reflected in the approval process for our updated double materiality analysis. The results are validated by our Executive President and the Corporate Practices and Sustainability Committee, with oversight from the Board of Directors. This top-level engagement ensures that sustainability is integrated into our core business strategy. Furthermore, we've established a Sustainability Committee comprising all corporate and business unit directors, fostering company-wide ownership of our sustainability initiatives.

Process for impact materiality

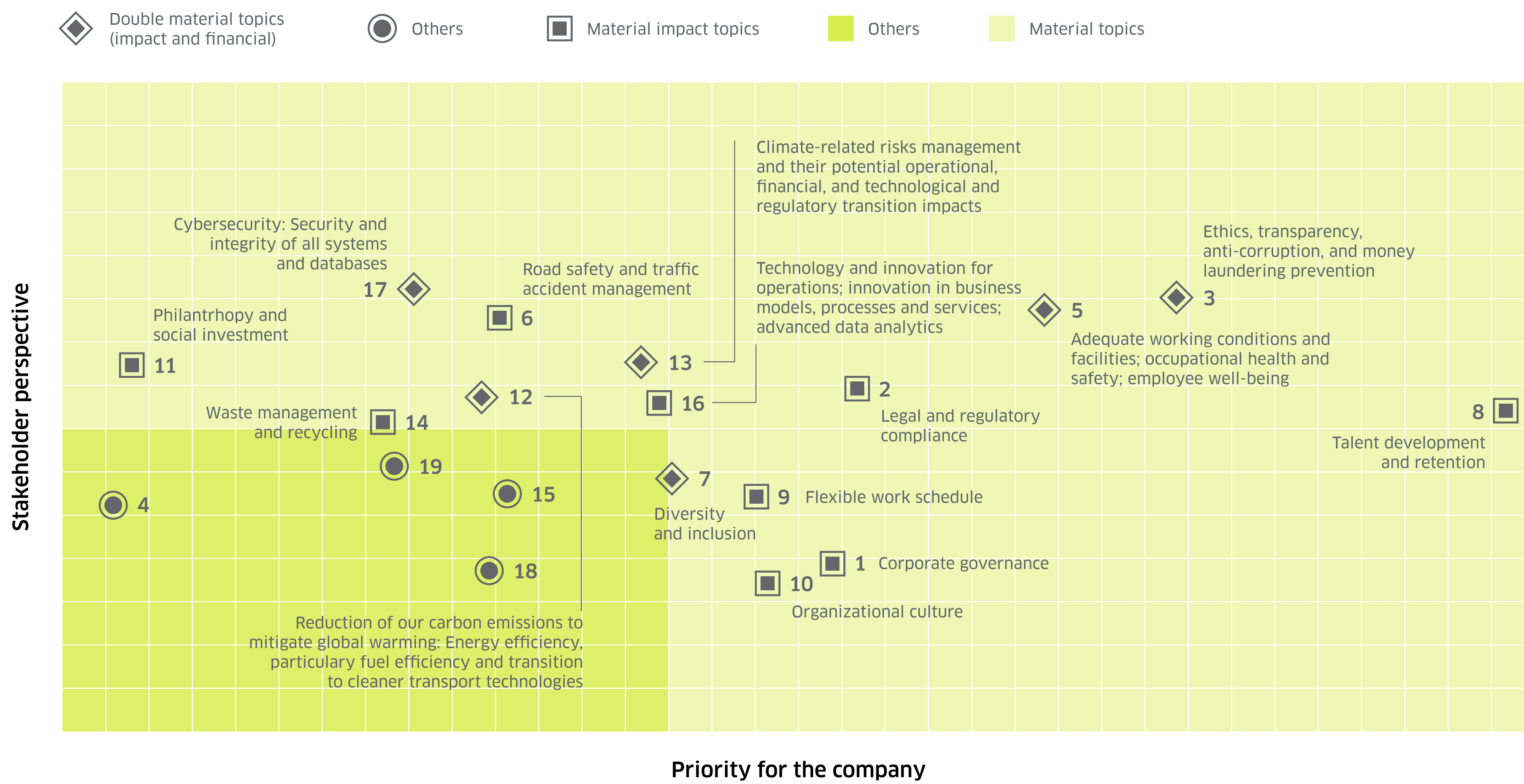
To determine impact materiality, we consider issues from previous analyses and reposition them based on the evolving priorities of our sector and stakeholders. We survey a selection of corporate and business unit directors, asking them to reassess the issues from their strategic standpoint. Additionally, we consult key stakeholders, including employees, customers, investors, board members, and suppliers, through online surveys. This comprehensive approach allows us to capture a wide range of perspectives and ensure our materiality analysis reflects the most pressing concerns in our industry.

Process for the financial materiality

For financial materiality, we leverage the Sustainability Accounting Standards Board (SASB) standards, applying topics established for the road transportation, professional and commercial services, and air freight and logistics sectors. This approach aligns our materiality assessment with internationally recognized frameworks, ensuring we address the most financially relevant sustainability issues for our industry.

Double materiality matrix

Our integrated materiality matrix distributes potential topics based on their impact and financial materiality. This visual representation helps us identify and prioritize the most significant ESG topics, enabling us to focus our efforts where they matter most and create long-term value for our company and society. By incorporating both impact and financial materiality, we ensure a holistic approach to sustainability that addresses the needs of all our stakeholders.



* We address every issue included in the matrix. We will focus the efforts on the framework of the Sustainability Strategy on those issues that have double materiality, that is, those that have both an impact and financial materiality.

Double Materiality Topics (Impact and Financial)

3	Ethics, transparency, anti-corruption, and money laundering prevention
5	Adequate working conditions and facilities; occupational health and safety; employee well-being
17	Cybersecurity: Security and integrity of all systems and databases
13	Climate-related risks management and their potential operational, financial, and technological, and regulatory transition impacts.
12	Reduction of our carbon emissions to mitigate global warming: Energy efficiency, particularly fuel efficiency, and transition to cleaner transport technologies
7	Diversity and inclusion

Impact Materiality Topics

8	Talent development and retention
2	Legal and regulatory compliance
1	Corporate governance
6	Road safety and traffic accident management
9	Flexible work schedule
16	Technology and innovation for operations; innovation in business models, processes and services; advanced data analytics
10	Organizational culture
11	Philanthropy and social investment
14	Waste management and recycling

Others

15	Water management and conservation
19	Awareness and ESG requirements with suppliers
18	Services and projects with an environmental/social focus for customers
4	Lobbying and public policy positioning activities; relationships with government and authorities

The insights gained from our materiality analysis drive tangible action across the company. We use these findings to refine our Sustainability Strategy, prioritize sustainability issues, and inform our risk identification and management processes.

Learn more

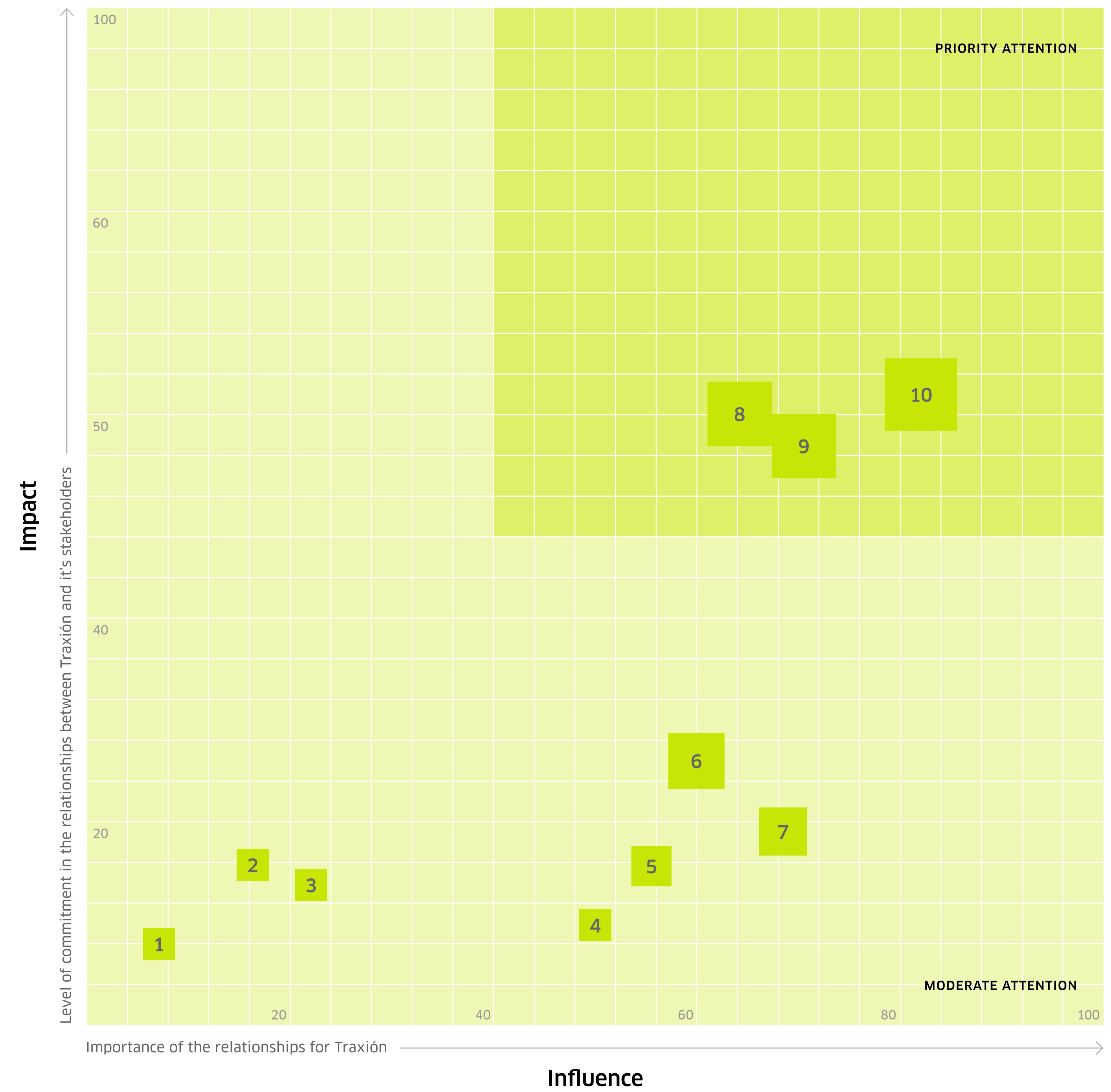
GRI 2-28, 2-29

Appendix II.2

Stakeholder engagement

Creating value for our stakeholders is essential to our success, which is why we actively engage with key groups that may be impacted by our operations and those who contribute to our business goals.

Here, we describe the results of the process used to identify and prioritize our stakeholders. This process employed qualitative methodologies, including the analysis and automation of media stories, along with conducting interviews with our top management and other key employees. Based on this matrix, where we analyzed impact and influence, we identified five priority stakeholders: employees (including unions), customers, shareholders and investors, authorities and regulators, and suppliers. By prioritizing these relationships, we strengthen our long-term partnerships and address important environmental, social, and governance (ESG) concerns.



1 NGO's
2 Chambers / trade associations
3 Media outlets
4 Suppliers
5 Commercial partnerships
6 Regulators
7 Authorities
8 Unions
9 Employees
10 Customers

Our approach involves developing tailored communication strategies for each stakeholder group, allowing us to understand their expectations and respond effectively to ESG matters. We have established multiple communication channels to maintain close connections with our priority stakeholders, fostering trust and transparency.

This stakeholder engagement process has been crucial in shaping our Sustainability Strategy, which focuses on the specific ESG challenges and opportunities within our industry.

Stakeholders	Value proposition from the company	Sustainability-related communications channels	Key issues
Employees	We prioritize the wellbeing, health and safety of our employees by implementing programs aimed at minimizing workplace risks. Additionally, we actively promote job stability and foster opportunities for professional development.	• Integrated report • Work environment surveys • Email/website updates • Training and workshops • Reporting line	• Health and wellbeing • Safety • Work processes • Training and development • Working conditions • Ethics and transparency
Customers	We fulfill their logistics, cargo and people mobility needs, with the highest-quality services. We prioritize safety throughout every journey and ensure satisfaction in terms of timeliness and service excellence.	• Meetings • Email/website updates • Service surveys • Integrated report • Reporting line	• Service quality • Innovation and technology • Ethics and transparency • Training and development • Safety standards • Certifications • Legal/regulatory compliance
Shareholders and investors	We generate sustainable economic value over the long term, ensuring transparency and accountability through the accurate and timely disclosure of financial and ESG (Environmental, Social, and Governance) information.	• Meetings • Integrated reports / quarterly reports • Website (Investors and Sustainability sections) • Email communications • ESG questionnaires (e.g., CSA, CDP, etc.)	• Governance • Ethics and transparency • Environmental responsibility and climate change • Social responsibility • Innovation and technology • Working conditions • Legal / regulatory compliance • Risk management
Suppliers	We advance together by fostering the development of innovative products and services that leverage technology. We collaborate to reduce our environmental impact through fuel efficiency and other sustainable practices. By enforcing our ethical standards, we promote good practices within the industry.	• Meetings • Training and workshops • Integrated reports • Email/website • Reporting line	• Ethics and transparency • Environmental responsibility and climate change • Social responsibility • Working conditions • Safety • Innovation and technology • Work processes • Training and development
Authorities and regulators	Our operations adhere to international best practices, allowing us to exceed federal, state, and municipal legal requirements and cultivate a positive relationship with relevant authorities.	• Meetings • Integrated reports • Email/website • Reporting line	• Safety • Legal/regulatory compliance • Working conditions • Environmental responsibility

We have forged strategic partnerships with a diverse range of organizations, including non-governmental organizations (NGOs), corporate foundations, academic institutions, and business chambers. These alliances enable us to leverage collective expertise and resources to address pressing sustainability challenges in our sector.

In 2023, we joined the Mexican Association of Hydrogen and we coordinate its Sustainable Mobility Committee. The Association has around 60 members and seeks to promote a clean hydrogen industry in the country, as hydrogen is an energy vector that can contribute to the decarbonization of sectors such as freight transportation.

We are proud of our active involvement in key initiatives such as the Mexican Council for Sustainable Finance, which promotes responsible investment practices.

Additionally, our support for the UN Global Compact demonstrates our commitment to upholding universal principles on human rights, labor, environment, and anti-corruption.

At the industry level, our membership in CANACAR (National Chamber of Freight Transport) enables us to contribute to and benefit from sector-wide efforts, ensuring that our practices align with and help shape the evolving standards of responsible and sustainable trucking in Mexico.

Stakeholder governance

We maintain a two-tier relationship with our stakeholders, involving direct communication by our teams and adherence to corporate guidelines in our Sustainability and Stakeholder Engagement Policy. We have specific guidelines for certain stakeholders, such as the Code of Ethics for Partners, Suppliers, and Contractors.

Our Corporate Sustainability Department manages these relationships and reports progress quarterly to the Corporate Practices and Sustainability Committee, as well as to the Board of Directors and other Board Committees as needed.

Additionally, we provide a reporting line for stakeholders to report any improper practices, ensuring issues are addressed at the appropriate level.

GRI 2-12, 2-13
TCFD GEN-RISK.c

Appendix II.3

Risk management

Risk Management Governance and Oversight

At Traxión, in accordance with the Mexican Securities Market Law, the Board of Directors holds ultimate responsibility for risk management. The Board delegates the definition, implementation, and supervision of risk management to the Audit Committee, while the Executive Committee is tasked with defining risk appetite, monitoring, and oversight.

The Vice Presidency of Administration and Finance develops, implements, and manages the guidelines, procedures, and activities for risk management at the corporate level and across the Group's various Business Units. The day-to-day execution of these activities is carried out by the Corporate Department of Controllership and Taxes, through the Risk Management area.

Risk Management Methodology and Process

Our risk management system, aligned with ISO 31000 standards, encompasses the elements described below within a comprehensive approach that ensures we are well-prepared to identify, address, and mitigate risks in the dynamic environment in which we operate, including ESG (Environmental, Social, and Governance) risks, such as climate change, human rights, and occupational health and safety, which we integrated to the system in 2023.

We conduct an annual comprehensive review of risk management guidelines, risk appetite, the evaluation of potential magnitude and likelihood of risk materialization, and risk indicators. This review is conducted in the last quarter of the year and presented to the Board of Directors for approval at their first meeting of the following year.

Risk appetite guidelines are established and updated through a structured process. Annually, the Executive Committee defines the level of risk the company is willing to accept to achieve its strategic objectives. This definition is developed in collaboration with the Corporate Risk Area and considers factors such as the company's context, objectives, and risk capacity. The guidelines are then communicated throughout the organization and integrated into objective setting.

The risk appetite guidelines are regularly reviewed and adjusted, particularly if there are significant changes in the business model. The Corporate Risk area monitors adherence to them through continuous oversight and periodic assessments, ensuring alignment with organizational goals and risk tolerance levels. Regular reports are provided to the Executive and Audit Committees. This approach ensures that risk considerations are effectively integrated into the company's operational and strategic processes.

The identification, evaluation, and prioritization of the risks facing our company are conducted systematically, encompassing all segments and business units, and resulting in the company comprehensive risk matrix. This process is led by the Corporate Risk area in collaboration with business units and corporate departments, integrating the company's context, activity types, and business strategy and objectives. The Corporate Risk area may also incorporate risk reports from employees received through direct communication with their superiors or via the public reporting line.

Based on the annual risk management review and the company risk matrix, the Corporate Risk area prepares the annual risk management work plan which is approved by the Audit Committee. This plan details scope, objectives, timelines, key activities, and primary prevention and mitigation measures to be developed in collaboration with the corporate departments and business units and implemented by them.

The plan also includes indicators with established targets, with the risk team's performance evaluations and compensation tied to achieving these targets. Corporate department and business units' heads also have annual goals linked to risk management.

Additionally, the Corporate Risk area conducts risk stress tests to evaluate and, if necessary, update Traxión's comprehensive risk matrix and associated risk prevention and mitigation plans. These tests are carried out annually or more frequently if new or evolving risks are identified. Our risk management processes are also subject to an annual internal audit to enhance monitoring, structure, and decision-making. Furthermore, the annual external financial audit includes a component focused on risk audit and monitoring.

All risk-related training is tailored to the specific risks and needs of our business units and corporate departments. This includes regular risk management education for managers and directors to ensure they are well-equipped to anticipate and control operational risks. Throughout the organization, we provide focused training on risk management principles, ensuring that relevant employees understand and apply these principles. For example, we provide risk management training as part of our ISO management systems. This includes information security training aligned with ISO 27001, and anti-corruption and compliance training in accordance with ISO 37001 (anti-bribery management) and ISO 19600 (compliance management).

Additionally, we integrate risk criteria into the development of our services, ensuring that risk considerations are embedded in our innovation and operational processes.

Based on our objectives and business environment, we have identified four general types of risks:

- **Strategic Risks:** Risks resulting from Traxión's strategic decision-making process, particularly those related to the environment in which it operates, its acquisition activities, potential capital risks, integration risks, and its capacity to provide products and services to its customers.
- **Operational Risks:** Risks of losses caused by human errors, inadequate process design and execution, system failures, or gaps between actual and expected performance.
- **Financial Risks:** Risks associated with Traxión's financing, including financial transactions such as credit and default risks, market risks, and liquidity levels.
- **Compliance Risks:** Risks arising from non-compliance with applicable laws, regulations, and internal or external standards, which may result in fines, sanctions, penalties, payment demands, contractual breaches, and reputational damage affecting the company's value and image.

Main Risks Identification, Evaluation and Mitigating Actions

The table below outlines Traxión's key company-specific risks for 2023, including their likelihood of materialization, potential impact, and the mitigating actions in place to limit their effects:

Risk Type	Risk Description	Likelihood	Potential Magnitude of Impact	Mitigating Actions
Strategic	Increased operational costs due to unfavorable fuel price conditions.	Low	Medium	Diversification of fuel sources and suppliers. Implementing operational strategies and new technologies to enhance fuel efficiency. Refer to chapters "Profits: Operational Platform" and "Planet" for more details on supply chain management and fuel efficiency.
	Intrusions into Traxión's information systems leading to unavailability, leakage, or loss of sensitive information.	Low	Medium	We ensure information security through a comprehensive strategy that includes self-regulation, constant enhancement of controls and systems, and a culture of prevention. Protective measures include system controls, regular assessments, and employee training and awareness initiatives. Business continuity plans are in place for information management systems and processes. Refer to the chapter "Profits: Operational Platform" for more details on cybersecurity management.
	Impact on financial results from missed tax incentives.	High	Medium	Developed and implemented a plan for the utilization of tax incentives throughout the year.
Operational	Failure to timely implement new tax regulations for electronic invoicing (CFDI 4.0, Complemento 2.0, and Retenciones 2.0) hindering operational capabilities.	Low	Low	Implemented a project to update electronic invoicing elements. Conducted an internal review to ensure compliance with new tax criteria related to our processes and activities. Ongoing enhancements in our technological systems and process engineering. In 2023, we rapidly adapted and developed technology to meet new regulatory requirements within very short deployment times. Refer to the chapter "Profits: Technological Platform" for more details on technological development and deployment.

Risk Type	Risk Description	Likelihood	Potential Magnitude of Impact	Mitigating Actions
Operational	Variations in collections and working capital due to misalignment in order-to-cash (OTC) processes and regulatory changes, such as the new mandatory digitalized Waybill (Carta Porte, as it is known in Mexico).	Medium	Low	Improvements in the Order to Cash (OTC) process through SAP development. Implemented a project to transform the OTC cycle. Ongoing technological advancements and process engineering improvements. In 2023, we made swift technological adaptations and developments to comply with new regulatory requirements. Refer to chapters “Profits: Technological Platform” and “Profits: Financial Results” for more details on working capital management, technological development, and deployment.
	Extended operational disruptions affecting unit dispatch due to system outages.	Medium	Medium	Business continuity plans tailored to each operation. Strengthened controls and employee training within related teams. Continuous advancements in technological systems and process engineering. Refer to the chapter “Profits: Technological Platform” for more details on technological management.
Financial	Issues with critical suppliers (banks, fuel, etc.) due to prolonged payment management disruptions	Medium	Medium	Screening and diversification of suppliers and financial providers. Refer to chapters “Profits: Operational Platform” and “Profits: Financial Results” for more details on supplier and financial providers diversification.
Compliance	New regulations in the Transport and Logistics sector that could negatively impact operations.	Low	Medium	Ongoing monitoring of the regulatory landscape. Active participation in relevant forums and events. Engagement in business chambers and associations. Refer to chapter “Appendix II.2. Stakeholder Engagement” for more details on participation in business chambers and associations.

Emerging Risks Identification, Evaluation and Mitigating Actions

Considering future trends for the mid- and long-term (more than 5 years) regarding mobility and logistics, the evolution of technology, and the social and environmental context of our operations, we have identified a series of emerging risks described as follows:

Risk Description	Likelihood	Potential Magnitude of Impact	Mitigating Actions
Pressure from investors and other stakeholders to transition to a low GHG emissions business model, in a context where technologies and government policies are still insufficiently developed.	Medium	Medium	We are developing capabilities and allocating resources to adopt alternative fuels, alongside electric buses and last-mile vehicles. We are incorporating Zero Emission electric vans into our last-mile fleet following successful adoption trials. We have been evaluating and mapping the availability and feasibility of alternative fuels for our operations, with a particular focus on biomethane and hydrogen. We foster collaboration with clients and suppliers to jointly develop and implement strategic low-carbon emission projects. We are evaluating green and sustainability-linked financing options through dialogue with finance providers, including investors, banks, and in 2023, the International Finance Corporation of the World Bank. Refer to the subchapter “Climate Change Risk Identification and Prioritization” below for more details on this risk, and to the chapters “Profits: Operational Platform” and “Planet” for further information on our actions related to transitioning to clean technologies and decarbonization.
Increased risk to the security of our power unit operators due to rising criminal activity on Mexico's highways.	Medium	High	We are strengthening the strategies and controls in place to safeguard our operators’ well-being, including: • Avoiding dangerous routes • Convoy travel • GPS surveillance • Remote engine shutdowns • Clear protocols for driver behavior during assaults • Collaboration with local authorities Refer to the chapters “We are Traxión” and “Profits: Technological Platform”.

GRI 3-3
TCFD GEN-GOV.a, GEN-GOV.b

Climate Change Risks and Opportunities

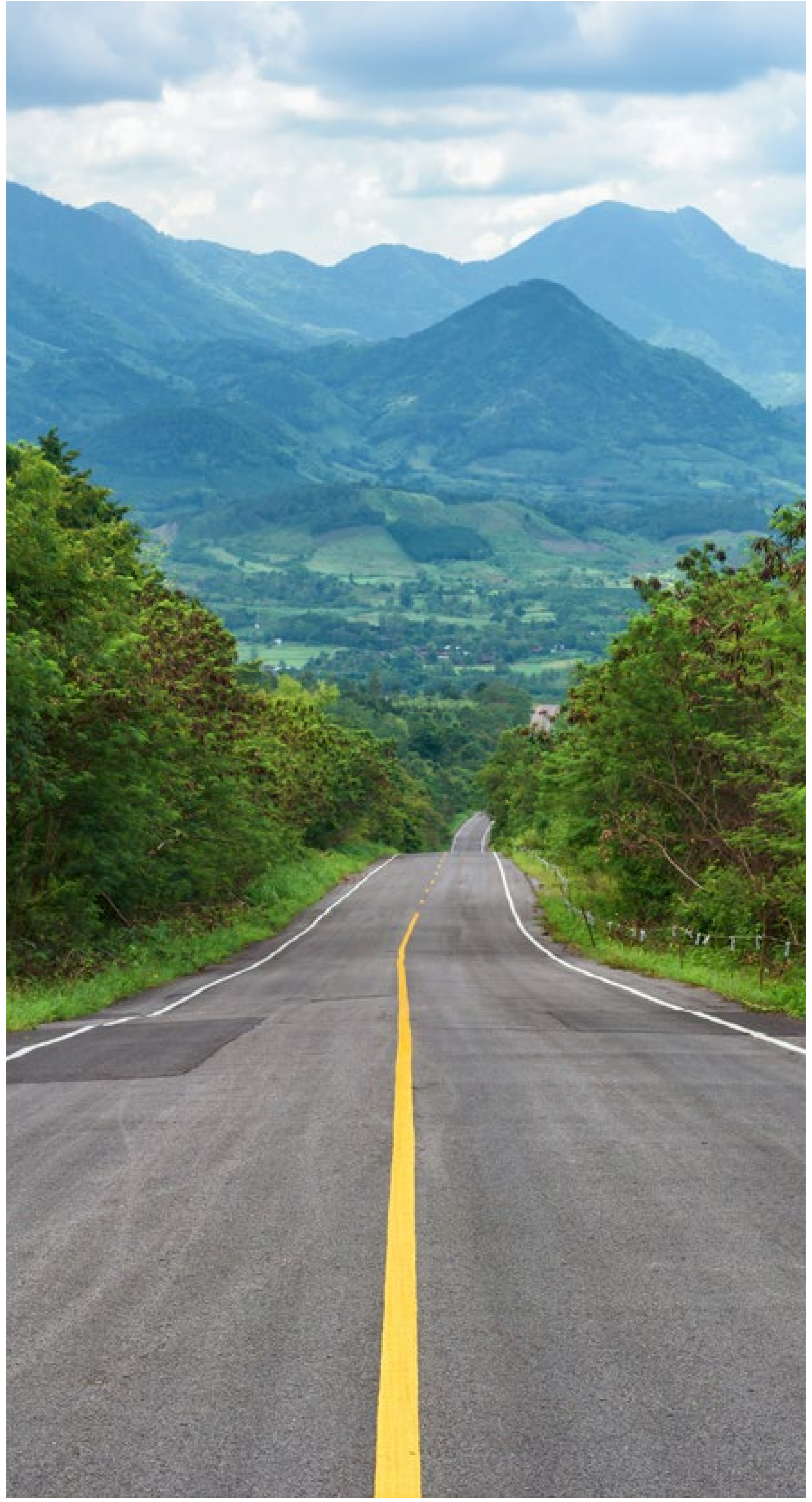
Governance

Risks related to climate change are integrated into our corporate risk matrix and annual prevention and mitigation plans. The responsibilities of the Board of Directors and our top management for managing these risks align with their broader responsibilities for all risks, as outlined at the beginning of this chapter.

Additionally, the risks and opportunities associated with climate change are addressed through our Sustainability Strategy, which includes initiatives such as eco-efficiency, transition to clean transportation technologies and alternative fuels, among others.

Below is a summary of the corporate governance responsibilities:

Responsibilities	Comprehensive risk management	Climate-related risks management
Board of Directors	Authorize and oversee the implementation of prevention and mitigation plans through the Audit Committee, after they have been reviewed by top management. Establish the company's risk appetite through the Executive Committee.	Monitor the key progress in implementing the Sustainability Strategy, including progress regarding established qualitative and quantitative goals. This oversight includes tracking indicators related to fuel consumption, which the CEO presents to the Board of Directors. **Corporate Practices and Sustainability Committee:** Conducts a quarterly assessment of the plans, objectives, goals, strategies, risks, and activities related to the Group's ESG performance, including climate change risks, and reports its findings to the Board of Directors.
Top Management	Provide initial approval of the risk plan and delegate management responsibilities to the specialized risk management team Promote collaboration between departments and business units.	**Sustainability Committee:** Monitors the Group's sustainability management on a quarterly basis, including climate-related risks. It comprises all of Traxión's corporate and business unit directors and serves as a forum to coordinate the execution of the Sustainability Strategy across the Group, as well as to identify and assess ESG opportunities and risks. **Sustainability Department:** Leads all sustainability efforts and reports directly to the Executive President. It provides regular updates to the Board of Directors, the Corporate Practices and Sustainability Committee, and to other relevant bodies (such as the Executive Committee and Audit Committee), as required. Additionally, it reports quarterly to the Sustainability Committee. The Sustainability Department collaborates closely with the Corporate Risk Management area to proactively identify, monitor, and manage risks associated with climate change. **Operational Excellence (OPEX) Department:** Monitors fuel consumption efficiency indicators, with the CEO receiving a weekly report on these metrics.



Climate change risk identification and prioritization

At Traxión, the identification and prioritization of climate change risks are crucial to ensuring the long-term resilience and sustainability of our operations. Climate change presents significant challenges that can impact not only our business but also our clients and the industry as a whole. Recognizing the importance of preparedness, we have established a rigorous and ongoing process to map, assess, and prioritize these risks, ensuring that our strategies align with best practices and that we can anticipate market and regulatory needs.

We have continued to strengthen our climate-related risks and opportunities map, as it requires periodic updates to address the evolution of weather phenomena, technology, and regulations, among other factors. The scope of the assessment includes:

- **Traxión's direct operations:** A thorough examination of the risks and opportunities directly impacting our operations.
- **Assessment of customer requirements:** We evaluated how our customers' emissions reduction goals might translate into new requirements for Traxión, ensuring that we are prepared to meet their evolving expectations and maintain our competitive edge.
- **Assessment of financing providers' requirements:** We analyzed the climate-related requirements established by our financing providers, including banks and investment institutions, to ensure our compliance and readiness to meet these criteria.

This was the process we followed:

1. **Identifying potential risks and opportunities:** We began by updating our previous list of potential climate-related risks and opportunities. This update was based on key trends within the transportation and logistics sector, including technological advancements, shifts in public policy, and emerging environmental challenges.
2. **Prioritization Based on Probability and Vulnerability:** The updated risks and opportunities were then prioritized based on the likelihood of their occurrence and Traxión's vulnerability to these risks. This prioritization was conducted by a team of specialists and validated by our internal team. The process also included testing different scenarios to assess the potential impact of various risk factors, ensuring a robust and comprehensive evaluation.

The following table describes and provides quantitative measures or our main climate-change risks. It is based on the comprehensive quantitative and scenario analysis evaluation we did in the first half of 2023:

Risk[1]	Type of Risk	Scenario	Financial Dimension
Limited ability to operate or negative impact on the quality of service caused by storms, floods, or extreme weather:	TCFD classification: Acute Physical Term: Short-term Probability: Possible Vulnerability: Low	RCP 4.5 RCP 8.5	**Cargo mobility segment:** on average, probable losses could be up to 0.05% of the operation's total revenue, exceeding 3 million pesos. **Logistics and technology segment:** potential losses could reach up to 1.48 million pesos per year, representing 0.009% of Traxión's total revenue. **People mobility segment:** potential losses could be up to 768 thousand pesos per year, representing 0.0045% of Traxión's total revenue.
Price volatilities and/or interruptions in fuel supply as a result of climate-related factors:	TCFD Classification: Market transition Term: Short-term Probability: Possible Vulnerability: Low	1. Referenced scenario: Based on the US average annual inflation rate. 2. Scenario establishes a variation in fuel prices for an annual 1% increase in temperature 3. Extreme scenario in which there are distortions in supply or demand caused by extreme climate-related or social events.	See tables below

Scenario	a) Related to inflation rate in the US	b) 1% annual increase in temperature	c) Extreme, high oil prices
Effect on gross profit (%)	-1.40%	-1.75%	-3.46%
Effect on gross profit (millions of pesos)	-$52.3 million pesos	-$73.2 million pesos	-$133.2 million pesos

Number	Scenario	a) Related to inflation rate in the US	b) 1% annual increase in temperature	c) Extreme, high oil prices
1	No growth	-1.40%	-1.75%	-3.46%
2	Average 2.73% growth (growth equal to Mexico's GDP)	1.30%	0.95%	-0.8%
3	Average annual growth 5.92%	4.45%	4.42%	2.26%

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

[1] We considered risks related to: current regulation, emerging regulation, technologies, legislation, market, reputation, acute physical, chronic physical.

Risk[1]	Type of Risk	Scenario	Financial Dimension
Pressure from investors and other stakeholders to transition to a low GHG emissions business model.	TCFD Classification: Market transition Term: Short-term Probability: Probable Vulnerability: Medium	Considerations: (see table below)	3.1. From the loss of customers: Cargo Mobility: Potential reduction of 0.04% ($8.0 million pesos) in Traxión's total revenue in the short-term (2025) and 0.08% ($16.3 million pesos) in the mid-term (2030), due to the loss of just 5 customers. The estimated impact for 2030 would be 1.96% of the revenue of the cargo mobility segment, or $383 million pesos. People Mobility: Potential reduction of 0.07% ($12.7 million pesos) in Traxión's total revenue in the short-term (2025) and 2.66% ($477 million pesos) in the mid-term (2030), due to the loss of customers. This could occur if customers reduce their demand for the Group's services in favor of companies with lower GHG emissions per kilometer or per passenger. 3.2. From decisions made by investors and debt holders: Assessment of 38 institutions including banks, Afores, investment funds, and other financial institutions holding a significant portion of Traxión's debt, amounting to 2,500 million pesos with maturity in 2027. While the exact impact of this risk cannot be quantified, it is noteworthy that by 2022, two-thirds of investors were engaged in sustainability issues, with almost a fourth (24%) having set goals to reduce investments in high GHG-emission portfolios. 3.3. New financing Assessment of 19 financial institutions with which Traxión could potentially work in the future. Of these, 13 (68%) are already communicating information on sustainability, and 5 (26%) have policies in place to base their investments on sustainability criteria. Notably, 4 of these institutions have presented decarbonization goals, while another 4 are currently setting their emissions reductions targets.

Considerations:

Number	Element	Speed	Probability	Vulnerability
3.1	Requirements to reduce Scope 1 and 2 emissions (Scope 3 for customers)	Medium	Unlikely	Low
3.2	Pressure from investors and other stakeholders to transition to a low GHG emissions business model.	Low	Possible	Medium
3.3	Difficulties or opportunities to obtain financing (green)	Very low	Unlikely	High

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

Risk[1]	Type of Risk	Scenario	Financial Dimension
Emerging laws and regulations	TCFD classification: Regulatory transition Term: Short-term Probability: Possible Vulnerability: Medium	Considered regulations: 1. Major restrictions on CO_2 emissions 2. Restrictive tax policies 3. Transition to electric and non-motorized mobility	See table below

Financial Dimension

Number	Risk	Description	Probability	Risk / Opportunity	Materiality
1	Major restrictions on CO2 emissions	Expand and strengthen the Mexican official standards (known as NOMs) regarding minimal and maximum fuel emissions for all vehicles. Additionally, regulate circulation based on fuel consumption and emissions levels.	Possible	**Risk:** Major cost of new power units. **Risk:** Major restrictions in municipal transit. **Opportunity:** Zero emissions for electric vehicles	Annual savings of 15.5 million pesos. This translates into a benefit for Traxión.
2	Restrictive tax policies	Strengthen tax policies considering the externalities of fossil fuels used in transportation.	Unlikely	**Risk:** Increase in the special IEPS tax. **Opportunity:** Electrification with electric vehicles	Decrease of between 32.8% and 64% in Traxión's gross profit.
3	Transition to electric and non-motorized mobility	Promote the transition to electric vehicles and non-motorized mobility for transporting people and goods.	Almost certain	**Opportunity:** Benefit from the promotion policy	Potential losses of between 3.5% and 4% in Traxión's total revenue.

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

About the analyzed scenarios:

- **Acute physical risks:** Two scenarios were analyzed for acute risks arising from extreme weather phenomena: RCP 4.5 and RCP 8.5. The findings from these scenarios indicate no significant material impact since they imply, in the most extreme circumstances, marginal additional expenses for the use of air-conditioning in the locations and routes where average temperatures are higher and an increase in the cost of water usage in those locations with reduced rainfall. Thus, our short-term resilience is very high regarding the assessed climate scenarios.
- **Transition risks:** We considered three alternatives, addressing their specific features: risks related to regulatory aspects, investment, and price volatility. While we identified some significant transition risks that could materialize in the short to medium term, the results indicate that with adequate risk management and capitalization on opportunities, the benefits for Traxión outweigh the risks.

Note: These are Representative Concentration Pathways (RCPs) provided by the Mexican Risk Information System (Sistema Nacional de Información sobre Riesgos, SNIR).

In addition to the risks, we also identified several opportunities, with the following being the most relevant:

Opportunity	Description	Measures Implemented
Green Hydrogen	Replacing the Cargo Mobility fleet powered by fossil fuels with tractor trucks using green hydrogen, representing potential savings.	Traxión is monitoring the global evolution of this technology and its potential introduction in Mexico.
Electrification of the last mile	Replacing the last mile fleet with electric vehicles.	Traxión has started incorporating electric power units on certain routes.
Electric buses	Replacing the People Mobility fleet powered by fossil fuels with electric buses.	We are exploring options for new electric buses, evaluating the possibility of converting used fuel-powered buses to electric, and during 2024 we expect to test the first electric bus for personnel or student transportation in Mexico.
Emissions offset	Purchasing carbon offsets to compensate for Traxión's emissions.	Traxión has analyzed this measure from a financial perspective and is in the process of implementing a carbon offsets program for certain trips in collaboration with customers.
Fuel efficiencies	Using catalysts and additives to reduce fuel consumption and GHG emissions.	Traxión aims to achieve fuel efficiencies through technology and improved driving practices.

Opportunity	Financial dimension
Green hydrogen	The value of this opportunity was estimated based on two factors: • Savings resulting from replacing one fuel for another, that is, using green hydrogen instead of diesel and/or gasoline, and • A cost comparison of vehicles that are currently available on the market by fuel type. Given that green hydrogen performs better than conventional fuels and has a lower cost, Traxión could achieve annual savings of $140 million pesos by 2030 if the vehicles and charging infrastructure are available and the price of hydrogen-powered vehicles were the same as that of conventional vehicles.
Electrification of the last mile / Electric buses	To estimate the benefits of this opportunity, we consider savings from replacing gasoline vehicles with electric vehicles. While the current price balance results in higher costs for electric vehicles, other intangible benefits need to be taken into consideration as well. This includes the reduction in GHG emissions. Traxión could avoid emitting an average of 43,000 tons of CO2 equivalent per power unit over the vehicle's lifetime.
Emissions offset	Based on GHG emissions for 2021 (528,722.4 tCO_2e), and employing recorded average prices for the main voluntary carbon offsets, Traxión would need the following investments to mitigate its emissions:
Fuel efficiencies	We have assessed the savings from the measures we have implemented: 1. In 2021 the use of solar panels enabled us to generate 20,720 kWh of renewable energy and reduced fuel consumption by 929,595 liters. By implementing this measure, we were able to save 11.68 million pesos. 2. Diesel filtration in 2021 processed more than 50 million liters, saving of 848,282 liters of diesel. 3. Several sources cite that additives in diesel and gasoline vehicles have reduced fuel consumption by 5% to 9%. Even considering the costs of additives, savings in fuel could amount to $11 million pesos monthly, this in addition to other benefits resulting from lower emissions (5% lower).

Emissions offset investments:

Market	Cost per ton	1%	5%	25%
American Carbon Forest Market	$490.36	$2,592,643	$12,963,215	$64,816,079

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

Appendix II.4

Due Diligence in Human Rights

At Traxión, we recognize the importance of respecting human rights throughout our operations in line with the company's core values. Our practices are aligned with international standards, including:

- **Universal Declaration of Human Rights (UN)**
- **International Labour Organization's Declaration on Fundamental Principles and Rights at Work**
- **Guiding Principles on Business and Human Rights (UN)**
- **Principles of the United Nations Global Compact**
- **Organization for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises**

Our commitment extends beyond our own operations to encompass our partners, suppliers, and contractors, ensuring a responsible approach throughout our value chain. This commitment addresses critical issues such as human trafficking, forced labor, child labor, freedom of association, the right to collective bargaining, equal remuneration, discrimination, physical integrity and safety (including road safety measures) and other fundamental rights.

We have developed a comprehensive set of policies and codes to guide our employees and stakeholders. These include our Code of Ethics, Diversity and Inclusion Policy, and a specific Protocol and Policy to Prevent Discrimination, Violence, Workplace Harassment, Sexual Harassment, Compulsory and Child Labor, and Psychosocial Risks. Additionally, we have created a dedicated Code of Ethics and Conduct for our business partners, emphasizing our commitment to human rights across all aspects of our operations.

In our efforts to strengthen our human rights due diligence, we developed a Human Rights Policy, which guides our employees in performing their activities and making decisions. This policy also raises awareness on human rights issues and fosters a commitment to respect them.

In 2023, we conducted a thorough assessment of potential risks in our operations and value chain. By evaluating these risks based on their severity and likelihood, we developed and prioritized prevention and mitigation strategies. Furthermore, we are strengthening remediation measures to address any risk that may materializes into a real impact.

Our approach to human rights extends to all areas of our business, including Cargo Mobility, People Mobility, and Logistics and Technology operations. We have examined our physical assets, from office spaces to warehouses and distribution centers, as well as our fleet of vehicles. We will also integrate human rights risk identification processes in our Mergers and Acquisitions due diligence.

This comprehensive review has allowed us to identify potential human rights impacts specific to our industry and implement appropriate safeguards.

To ensure the effectiveness of our human rights initiatives, we have established a reporting line accessible to all stakeholders. This allows for the prompt reporting of any potential human rights violations related to our operations. Additionally, we have implemented employee training programs on our human rights policy, recognizing that education is key to fostering a culture of respect and awareness within our organization.

Looking ahead, we are committed to continually improve our human rights practices. We plan to regularly update our risk assessments, considering changes in our operations, the evolving landscape of our industry, and emerging human rights concerns. By staying vigilant and responsive, we aim to uphold the highest standards of human rights protection while delivering value to our customers and communities.

Details of the process we followed can be consulted.
Click here

Appendix II.5

Certifications Awards and ESG Ratings

We are committed to exceeding industry standards and creating lasting value for both the environment and society. Our dedication to excellence has earned us numerous certifications and awards, highlighting our leadership in sustainable practices. We regularly subject our business units to rigorous external audits, which not only validate our efforts but also help us identify areas for continuous improvement. These assessments have been instrumental in strengthening our systems and processes across the company.

By maintaining high operational standards and adhering to international best practices, we provide our customers and investors with confidence in our services. Our certifications serve as a testament to our commitment to sustainability and give us a competitive edge in the transportation and logistics industry.

Business Unit	Certifications	Recognitions
Auto Express Frontera Norte (AFN)	• CTPAT (Customs-Trade Partnership Against Terrorism) • ISO 39001:2012 • ISO 9001:2015 • OEA (Authorized Economic Operator)	• Transporte Limpio SEMARNAT (Clean Transportation, Environment and Natural Resources Ministry): Good Environmental Performance
Autotransportes El Bisonte	• CTPAT (Customs-Trade Partnership Against Terrorism) • ISO 9001:2015 • ISO 39001:2012 • Certification to carry out verifications of the physical and mechanical conditions of trucks (SCT, Ministry of Communications and Transportation, by the ema in NMX-EC-17020-IMNC-2014 - ISO/IEC 17020:2012)	• Transporte Limpio SEMARNAT (Clean Transportation, Environment and Natural Resources Ministry): Excellent Environmental Performance
Transportadora EGOBA	• CTPAT (Customs-Trade Partnership Against Terrorism) • ISO 9001:2015 • OEA (Authorized Economic Operator) • Certification to carry out verifications of the physical and mechanical conditions of trucks (SCT, Ministry of Communications and Transportation, by the ema in NMX-EC-17020-IMNC-2014 - ISO/IEC 17020:2012)	• Transporte Limpio SEMARNAT (Clean Transportation, Environment and Natural Resources Ministry): Excellent Environmental Performance
Grupo SID	• CTPAT (Customs-Trade Partnership Against Terrorism) (SUVI) • ISO 9001:2015 (Grupo SID Warehouses) • SMETA (SUVI)	• Transporte Limpio SEMARNAT (Clean Transportation, Environment and Natural Resources Ministry): Good Environmental Performance SUVI)
Lipu	• ISO 9001:2015 • ISO 39001:2012 (LIPU Monterrey) • Great Place to Work (LIPU Saltillo)	• Socially Responsible Company (ESR) distinction
Medistik	• ISO 13485:2016	

Business Unit	Certifications	Recognitions
Muebles y Mudanzas (MyM)	• ISO 9001:2015 • ISO 14001:2015 • ISO 28000:2007 • CTPAT (Customs-Trade Partnership Against Terrorism) • FIDI-FAIM (FIDI Accredited International Mover) • LACMA-PACKERS (LACMA/FID)	• Transporte Limpio SEMARNAT (Clean Transportation, Environment and Natural Resources Ministry) Very Good Environmental Performance
Redpack	• ISO 27001:2013	
Corporativo Traxión	• ISO 37001:2016 in Anti-bribery Management Systems* • ISO 19600:2014 in Compliance Management Systems for Tax and Anti Money Laundering (AML)* • Ecovadis Sustainability Rating 2022 – Silver Medal *Scope: Grupo Traxión S.A.B. de C.V.	• Transportation Awards 2023 (T21): Sustainability Award for companies with more than 1,000 trailer trucks • Member of the S&P/BMV Total Mexico ESG Index • Member of the Dow Jones Sustainability MILA Pacific Alliance Index
VModal	• Great Place to Work	

ESG Ratings

ESG Score	2020	2021	2022	2023	Comment
S&P CSA	26	47	55	52	In the top 11% of highest-rated companies in the industry globally
CDP	NA	C	C	B	Four levels above the global transportation sector average and two levels above both the global and North American regional averages
Ecovadis	NA	NA	56	60	Silver medal

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

Appendix II.6

Our contribution to the SDGs

At Traxión, we are deeply committed to fostering economic and social progress while protecting the environment and the communities connected to our operations and services. We actively contribute to the United Nations' 2030 Agenda and its 17 Sustainable Development Goals (SDGs), which serve as a global roadmap for addressing society's most pressing challenges. This commitment forms the core of our Sustainability Strategy, which is built on our business principles and realized through engagement with various stakeholders to create shared value.

Our efforts focus on the SDGs most closely aligned with our business activities, where we can make the greatest positive impact. Through our daily operations and innovative solutions, we strive to reduce emissions, enhance energy efficiency, and promote sustainable practices both within our company and throughout our value chain. By collaborating with clients, suppliers, and communities, we aim to make significant progress toward a more sustainable future.

We present our key initiatives below:

SDG	Initiatives	Indicators
3 GOOD HEALTH AND WELL-BEING 3.6, 3.9	• We have an Occupational Health and Safety Policy aligned with ISO 45001. • We are strengthening our Safety and Health Management System, which will be implemented across all our business units. • We have developed and implemented a permanent health oversight program for diagnosing, treating, and monitoring work-related diseases. • We provide a helpline for employees and their families, offering medical, psychological, and nutritional guidance. • We track the implementation of controls for psychosocial risks as required by Mexican regulations (NOM-035-STPS-2018). • We promote employee participation in health and safety training courses, campaigns, and other programs to build a culture of prevention and promote healthy habits and wellbeing. • We monitor safety and health indicators, focusing on legal compliance, number of incidents, occupational diseases, medical exams, adherence to occupational health and safety programs, and more. • We develop policies and procedures for road safety, including operator rest periods, alcohol and drug screening, prevention campaigns, defensive driving, and incident investigations. • We train our operators in safe driving practices to prevent road accidents. • We invest in equipping our fleet with advanced anti-collision systems and other technologies, significantly reducing the frequency and severity of road incidents. • We continuously renew our fleet to reduce pollutant emissions, thereby reducing our negative impact on air quality and public health.	• 6.76 lost-time injury frequency rate (LTIFR). • 0.051 road accident rate for People Mobility • 0.754 road accident rate for Cargo Mobility and Last Mile • 6 cases of work-related diseases identified • 0.11 fatality rate • One Health and Safety Commission per business unit

SDG	Initiatives	Indicators
4 QUALITY EDUCATION 4.3, 4.4, 4.5	• We use technology to expand training through online courses and webinars. • We offer courses to improve integration into our organizational culture and operational processes, as well as continuous development for all employees. • We have a scholarship program in one of our business units to support the children of our employees in their academic activities. • We have Training Centers for Traxión Operators (talent pools) in both People and Cargo Mobility segments. • We are committed to reducing educational gaps in Mexico through mobile classrooms that are part of the “En Ruta por la Educación” program of the Traxión Foundation. • We have benefited individuals from vulnerable communities by offering them scholarships in the SuperaT program of the Traxion Foundation • In 2023 we started a program called “CEUNO” that offers our employees the opportunity to complete their high school education in 18 months.	• 402,909 training hours. • 16 average hours of training per employee. • 201 beneficiaries of the SuperaT program. • 14,506 beneficiaries and 6,229 students certified through the “En Ruta por la Educación” program by the Traxión Foundation. • 59 employees participated in the CEUNO program • 1,148 scholarships awarded in 2023.
5 GENDER EQUALITY 5.5	• We promote diversity in our Board of Directors to enrich strategic decision-making and we set a goal of having three women by 2025. • In 2023, we prioritized gender diversity, specifically the inclusion of more women in our workforce, and we have set a goal of achieving 30% women in our workforce by 2030. • We launched a program to increase female representation in operational roles. • We are working on a broader strategy to promote gender equality across all levels, including several key initiatives to create a more equitable workplace where all employees, regardless of gender, can thrive and contribute to our collective success, such as: - Enhancing the Capabilities of the Human Capital Team - Executing Awareness and Internal Communications Campaigns - Collaborating with Specialized External Partners - Providing Additional Training in Soft and Hard Skills • Our corporate guidelines mandate that at least one woman must be included in the final pool of three candidates considered for administrative vacancies.	• 1 woman on the Board of Directors. • 17.5% of positions at different levels of the organization held by women. • 23.5% women in top and middle management roles. • 39.0% women in administrative staff • 14.2% women in STEM positions. • We conducted our first gender pay gap analysis in 2023, which showed a mean gender pay gap of 0.2%, and a median gender pay gap of 0.3%.

SDG	Initiatives	Indicators
7 AFFORDABLE AND CLEAN ENERGY 7.3	• In 2023, we integrated Zero Emission electric vans into our last-mile fleet after successfully completing adoption trials. • We are integrating natural gas vehicles into our fleet and testing alternative fuels like biomethane and hydrogen. • We are testing innovative energy-saving technologies, including the use of solar panels on our trucks to supplement power needs and reduce fuel consumption. • We are installing solar panels at our facilities, allowing us to generate and consume electricity from renewable sources. • We are periodically renewing our fleet with power units that feature state-of-the-art engines, compliant with the latest environmental standards. • We train operators in eco-efficient driving to improve fuel efficiency and reduce emissions. • We maintain strict control over diesel quality across our fleet, positively impacting fuel efficiency and reducing carbon emissions through our advanced filtration system.	• 1.4% natural gas-powered vehicles of our total fleet • Diesel consumption intensity: 0.276 liters/kilometer • 8.06 liters/revenue in thousands of pesos • Diesel efficiency: 3.63 kilometers/liter
8 DECENT WORK AND ECONOMIC GROWTH 8.2, 8.4, 8.5, 8.7, 8.8	• We offer formal employment, compensation, and benefits in a sector where informality is an inherent risk. • We prioritize safety, health, and well-being for our employees. • We maintain healthy and strong relationships with our unionized workers through collective bargaining agreements. • We uphold fair labor practices throughout our operations and supply chain. • In 2023, we conducted a Human Rights due-diligence evaluation and developed a Human Rights Policy aligned with international standards. • We have a Protocol to prevent discrimination and address cases of violence, harassment, and sexual harassment and to eradicate forced and child labor. • We develop and maintain a strong employer brand to position our company as an attractive place to work and grow professionally, which is crucial for attracting and retaining top talent. • We foster career development and a sense of belonging for our employees.	• 21,731 new hires • Voluntary turnover: 54.4% • 98% Operator coverage rate

SDG	Initiatives	Indicators
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 9.4	• Our state-of-the-art technologies, including internally developed applications and systems, allow us to provide real-time visibility, greater transparency, security, and enhanced competitiveness in pricing, operational efficiency, and profitability • We strengthened our technological human-capital structure, strategy, and architecture: - Incorporating Chief Technology Officers (CTOs) into each of our three segments - Organizing our IT portfolio by Business Value Streams - Integrating Artificial Intelligence into our technology roadmap - Creating a centralized data - Adopting Agile methodologies • We continually improve our process engineering. • We promote innovation through asset-light and data-driven models and new technologies. • We enhanced our technology-as-a-service model with functional and transversal towers or pillars that collectively address all key aspects of the operation. • Traxporta (our cargo transportation market-place platform) provides a better, higher-quality, more reliable service that is based on a technology we created that offers operational improvements in the transportation network as well as automation and standarization in our internal processes.	• We developed the Technology-as-a-Service Towers Model. • We developed and continually evolve and strengthen the Logistics and Technology segment. • We developed and continually evolve and strengthen Traxporta, our cargo transportation market-place platform.
11 SUSTAINABLE CITIES AND COMMUNITIES 11.2, 11.6	• Our People Mobility services reduce private vehicle use, lowering GHG emissions and traffic. • We follow strict driving standards in order to reduce the risk of accidents that could affect other users of the road, including in urban settings. • We employ telemetry and speed controls to monitor the driving habits of our operators. • We have anti-collision systems in place that use external cameras to monitor road activity and warn operators in case a risk of collision is detected. • We estimated criteria air pollutants for the first time to address air quality and climate change. • We have a robust Road Traffic Safety Management System based in ISO 39001.	• 9,581 power units in Cargo and People Mobility segments • 100% of our power units in People Mobility segment are equipped with telemetry devices • More than 90% of our power units in Cargo Mobility segment are equipped with telemetry devices • Three Business Units certified in ISO 39001

SDG	Initiatives	Indicators
 13.1, 13.3	• Our mobility and logistics solutions provide the resilience needed to ensure that our products are readily available for our customers and raw materials are available for several industries, while actively addressing climate change risks. • Our eco-efficiency initiatives and fleet renewal reduce GHG emissions and fuel consumption. • We assess alternative fuels' availability and feasibility for our operations, particularly bio-methane and hydrogen. • We have incorporated tractor trucks equipped with state-of-the-art Euro VI engines into our fleet, that use natural gas and offer 11% higher energy efficiency levels; and can use biomethane a renewable fuel with promising potential to further reducing our carbon footprint • We conduct training and awareness programs to raise awareness among our employees about climate change mitigation strategies.	• Investment in eco-efficient alternatives. • GHG emissions intensity: 814.28 grams of CO_2 equivalent (gCO_2e) per kilometer. 23.79 grams of CO_2 equivalent (gCO_2e) per pesos of revenue. • GHG Intensity Ratio for our People Mobility segment resulted in 20.32 gCO_2e per passenger-kilometer • GHG Intensity Ratio for our Cargo Mobility and Last Mile segments resulted in 64.5 gCO_2e per tonne-kilometer
 16.4, 16.5, 16.6	• Our governance structure is aligned with benchmarked standards, fully complies with the Mexican Securities Market Law, and constantly adopts best ESG practices. • Our ethics and compliance efforts include strong self-regulation and adherence to laws, a culture of training and awareness, as well as updating, supervising, and managing the Anti-Corruption and Tax/MLP Management System (ISO 37001/19600). • We have developed a Code of Ethics that serves as a guidepost for our employees, outlining expected behaviors and the consequences of non-compliance. • We require from all our partners, suppliers, and contractors to adhere to our ethical standards by signing a letter of commitment to our Code of Ethics and Conduct and relevant policies when they are incorporated into our systems or renewing contracts. • We continuously improve our information security and cybersecurity governance, monitoring and systems. • In 2023, we conducted a Human Rights due-diligence evaluation and developed a Human Rights Policy aligned with international standards.	• Corporate Governance Manual • Experienced Board of Directors, comprising 67% independent members and supported by four committees, ensuring effective governance through diligent oversight and strategic guidance. • ISO 37001:2016 certification for Anti-Corruption Management Systems. • ISO 19600:2014 compliance certificate for Management Systems in Fiscal Management and Money Laundering Prevention. • Reporting line, compliance, employee training. • 100% of new hires receive training on the Code of Ethics. • All suppliers and contractors sign the letter of commitment to our Code of Ethics and Conduct and relevant policies when they are incorporated into our systems or renewing contracts. • No incidents occurred during 2023 that compromised the information of our clients and/or Traxión.

Appendix II.7

Progress regarding the Global Compact Principles

We have made significant progress in integrating the Ten Principles of the UN Global Compact across our business. Our Sustainability and Stakeholder Engagement Policy aligns with these principles and serves as a reference for our main commitments on each topic. By adhering to these global standards, we are not only improving our ESG performance but also contributing to the broader goals of sustainable development in the regions where we operate.

HUMAN RIGHTS

Principle	Commitment	Performance
Principle 1. Businesses should support and respect the protection of internationally proclaimed human rights in their area of influence.	• Human Rights Policy • Code of Ethics • Code of Ethics and Conduct for Partners, Suppliers, and Contractors • Due diligence process based on the recommendations of the Organization for Economic Cooperation and Development (OECD) • Internal guidelines and initiatives for specific risks, such as our Protocol to prevent discrimination and address cases of violence, workplace harassment and sexual harassment, and to eradicate forced and child labor, and policy to identify and prevent psychosocial risks.	**Appendix:** Due diligence in human rights **Section:** Labor demographics and diversity **Section:** Ethics and compliance **Section:** Supply chain
Principle 2. Businesses should make sure their partners and employees are not complicit in human rights abuses.	• Human Rights Policy • Code of Ethics • Code of Ethics and Conduct for Partners, Suppliers, and Contractors • Internal labor bylaws • Resolutions addressing employee malpractices (cases exposed through the public reporting helpline or identified by audits)	**Appendix:** Due diligence in human rights **Section:** Ethics and compliance **Section:** Supply chain

LABOUR

Principle	Commitment	Performance
Principle 3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	• Human Rights Policy • Code of Ethics • Internal labor bylaws	**Appendix:** Due diligence in human rights **Section:** Labor demographics and diversity **Section:** Ethics and compliance
Principle 4. Businesses should uphold the elimination of all forms of forced and compulsory labour.	• Human Rights Policy • Code of Ethics and Conduct for Partners, Suppliers, and Contractors • Requirements suppliers must meet in the evaluation process for signing or renewing a contract with the company	**Appendix:** Due diligence in human rights **Section:** Ethics and compliance **Section:** Supply chain
Principle 5. Businesses should uphold the effective abolition of child labour.	• Human Rights Policy • Code of Ethics and Conduct for Partners, Suppliers, and Contractors • Requirements suppliers must meet in the evaluation process for signing or renewing a contract with the company	**Appendix:** Due diligence in human rights **Section:** Ethics and compliance **Section:** Supply chain
Principle 6. Businesses should uphold the elimination of discrimination in respect of employment and occupation.	• Human Rights Policy • Protocol to prevent discrimination and address cases of violence, harassment and sexual harassment, and to eradicate forced and child labor, and policy to identify psychosocial risks • Guidelines in hiring processes	**Appendix:** Due diligence in human rights **Section:** Labor demographics and diversity **Section:** Ethics and compliance

ENVIRONMENT

Principle	Commitment	Performance
Principle 7. Businesses should support a precautionary approach to environmental challenges.	• Environmental, Climate Change and Biodiversity Policy • Commitments by all Cargo Mobility business units through participation in Transporte Limpio SEMARNAT (Clean Transportation, Environmental and Natural Resources Ministry) • Work plans resulting from internal and/or external audits	**Chapter:** Planet
Principle 8. Businesses should undertake initiatives to promote greater environmental responsibility.	• Environmental, Climate Change and Biodiversity Policy • Guidelines for fleet renewal • Development of investment projects in eco-efficient technologies • Research and evaluation of advanced clean transportation technologies	**Chapter:** Planet
Principle 9. Businesses should encourage the development and diffusion of environmentally friendly technologies.	• Environmental, Climate Change and Biodiversity Policy • Development of investment projects in eco-efficient technologies • Research and evaluation of advanced clean transportation technologies	**Section:** Investment in eco-efficient technologies

ANTI-CORRUPTION

Principle	Commitment	Performance
Principle 10. Businesses should work against corruption in all its forms, including extortion and bribery.	• Anti-Corruption and Integrity Policy • Policy to Prevent and Identify Operations with Resources of Illegal Origin • Policy for Operations with Related Parties • Commitments related to the ISO 37001:2016 certification in Anti-corruption Management Systems and the Certificate of Compliance with ISO 19600:2014 for Tax / Anti Money Laundering Management Systems	**Section:** Ethics and compliance

Appendix III. Reporting Frameworks and Standards

GRI Content Index

Grupo Traxión S.A.B. de C.V. has prepared the report in accordance with the GRI Standards for the period from January 1 to December 31, 2023.

GRI standard	Disclosure	Requirement(s) omitted	Reason	Explanation	Pages
GRI 1 Used	Gri 1: Foundation 2021				
GRI 2: General Disclosures 2021					
1. The organization and its reporting practices	2-1 Organizational details				8
	2-2 Entities included in the organization's sustainability reporting				3
	2-3 Reporting period, frequency and contact point				3, 216
	2-4 Restatements of information				3
	2-5 External assurance				3
2. Activities and workers	2-6 Activities, value chain, and other business relationships				9, 14, 84
	2-7 Employees				33, 116
	2-8 Workers who are not employees	Workers who are not employees	Not applicable	Traxión's labor model is a direct hiring model.	
3. Governance	2-9 Governance structure and composition				23, 123
	2-10 Nominating and selection of the highest governance body				23, 123
	2-11 Chair of the highest governance body				23, 123
	2-12 Role of the highest governance body in overseeing the management of impacts				132

GRI standard	Disclosure	Requirement(s) omitted	Reason	Explanation	Pages
3. Governance	2-13 Delegation of responsibility for managing impacts				132
	2-14 Role of the highest governance body in sustainability reporting				3
	2-15 Conflicts of interest				23
	2-16 Communication of critical concerns	Communication of critical concerns	Confidential	Due to internal company guidelines	
	2-17 Collective knowledge of highest governance body				23
	2-18 Evaluation of the performance of the highest governance body				23
	2-19 Remuneration policies				23
	2-20 Process to determine remuneration				23
	2-21 Annual total compensation ratio	Annual total compensation ratio	Confidential	Due to internal company guidelines	
4. Strategy, policies, and practices	2-22 Statement on sustainable development strategy				5
	2-23 Policy commitments				19, 144, 147
	2-24 Embedding policy commitments				19, 144, 147
	2-25 Processes to remediate negative impacts				27, 144, 147
	2-26 Mechanisms for seeking advice and raising concerns				27, 123, 144, 147
	2-27 Compliance with laws and regulations				27
	2-28 Membership associations				19, 129
5. Stakeholder engagement	2-29 Approach to stakeholder engagement				129
	2-30 Collective bargaining agreements				33
GRI 3: Material Topics 2021					
	3-1 Guidance to determine material topics				126
	3-2 List of material topics				126
	3-3 Management of material topics				It is presented transversally throughout the report, as the management information of the different material topics is presented.

Material topic	GRI Standard	Disclosure	Requirement(s) omitted	Reason	Explanation	Pages
GRI Content by Material Topic						
Development and retention of talent	GRI 3: Material topics 2021	3-3 Management of material topics				40
	GRI 404: Training And Education 2016	404-1 Average hours of training per year per employee				40, 120
		404-2 Programs for upgrading employee skills and transition assistance programs				40
		404-3 Percentage of employees receiving regular performance and career development reviews				40, 120
Corporate Governance	GRI 3: Material topics 2021	3-3 Management of material topics				23
Ethics, transparency, anti-corruption and anti-money laundering	GRI 3: Material topics 2021	3-3 Management of material topics				27
	205: Anti-Corruption 2016	205-1 Operations assessed for risks related to corruption				27
		205-2 Communication and training about anti-corruption policies and procedures				27, 125
		205-3 Confirmed incidents of corruption and actions taken				27, 125
Decent working conditions and facilities; occupational safety and health; employee well-being	GRI 3: Material topics 2021	3-3 Management of material topics				38
	401 - Employment (2016)	401-1 New employee hires and employee turnover				38,119
		401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees				48
		401-3 Parental leave				48
	403 - Occupational Health and Safety (2018)	403-1 Occupational health and safety management system				45
		403-2 Hazard identification, risk assessment, and incident investigation				45
		403-3 Occupational health services				45
		403-4 Worker participation, consultation, and communication on occupational health and safety				45
		403-5 Worker training on occupational health and safety				45
		403-6 Promotion of worker health				45, 121
		403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships				45

Material topic	GRI Standard	Disclosure	Requirement(s) omitted	Reason	Explanation	Pages
Decent working conditions and facilities; occupational safety and health; employee well-being	403 - Occupational Health and Safety (2018)	403-8 Workers covered by an occupational health and safety management system				45
		403-9 Work-related injuries				121
		403-10 Work-related ill health				121
Diversity and inclusion	GRI 3: Material topics 2021	3-3 Management of material topics				
	405: Diversity and equal opportunity 2016	405-1 Diversity of governance bodies and employees				23, 33, 36, 116, 118
		405-2 Ratio of basic salary and remuneration of women to men				36, 48, 118
	406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken				27
Management of climate risks and their possible operational, financial and technological and regulatory transition impacts	GRI 3: Material topics 2021	3-3 Management of material topics				137
Organizational culture	GRI 3: Material topics 2021	3-3 Management of material topics				8
Technology and innovation for the operation; innovation in business models, processes and services; advanced data analytics	GRI 3: Material topics 2021	3-3 Management of material topics				88
Cybersecurity: Security and integrity of systems and technological integration bases	GRI 3: Material topics 2021	3-3 Management of material topics				94
	418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data				94
Road safety and management of road accidents	GRI 3: Material topics 2021	3-3 Management of material topics				
	403 - Occupational Health and Safety (2018)	403-1 Occupational health and safety management system				45
		403-2 Hazard identification, risk assessment, and incident investigation				45
		403-3 Occupational health services				45
		403-4 Worker participation, consultation, and communication on occupational health and safety				45

Material topic	GRI Standard	Disclosure	Requirement(s) omitted	Reason	Explanation	Pages
Road safety and management of road accidents	403 - Occupational Health and Safety (2018)	403-5 Worker training on occupational health and safety				45
		403-6 Promotion of worker health				45, 121
		403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships				45
		403-8 Workers covered by an occupational health and safety management system				45
		403-9 Work-related injuries				121
		403-10 Work-related ill health				121
	416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories				45
		416-2 Incidents of non-compliance concerning the health and safety impacts of products and services				27
Legal and regulatory compliance	GRI 3: Material topics 2021	3-3 Management of material topics				27
	206: Anti-competitive Behavior 2016	"206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices"				27
	307 - Environmental Compliance (2016)	307-1 Non-compliance with environmental legislation and regulations				27
Flexible work hours	GRI 3: Material topics 2021	3-3 Management of material topics				48
Reducing our carbon emissions to mitigate global warming: Energy efficiency, especially fuel efficiency and transition to technologies	302: Energy 2016	302-1 Energy consumption within the organization				72, 107
		302-2 Energy consumption outside of the organization	Energy consumption outside of the organization	Does not apply	Given the nature of Traxión's activities	
		302-3 Energy intensity				72, 107
		302-4 Reduction of energy consumption				72, 107
		302-5 Reductions in energy requirements of products and services				72, 107

Material topic	GRI Standard	Disclosure	Requirement(s) omitted	Reason	Explanation	Pages
Reducing our carbon emissions to mitigate global warming: Energy efficiency, especially fuel efficiency and transition to technologies	305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions				73, 110
		305-2 Energy indirect (Scope 2) GHG emissions				73, 110
		305-3 Other indirect (Scope 3) GHG emissions				73, 110
		305-4 GHG emissions intensity				73, 110
		305-5 Reduction of GHG emissions				73, 110
		305-6 Emissions of ozone-depleting substances (ODS)	Emissions of ODS	Not available	The company is working on calculating these emissions	
		305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions				75, 114
Proper management and recycling of garbage and waste	GRI 3: Material topics 2021	3-3 Management of material topics				76, 77, 114, 115
	306: Waste 2020	306-1 Waste generation and significant waste-related impacts				76, 77, 114, 115
		306-2 Management of significant waste-related impacts				76, 77, 114, 115
		306-3 Waste generated				77, 115
		306-4 Waste diverted from disposal				76, 77, 114, 115
		306-5 Waste directed to disposal				76, 77, 114, 115
Philanthropy and social investment	GRI 3: Material topics 2021	3-3 Management of material topics				
	413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs				53
		413-2 Operations with significant actual and potential negative impacts on local communities				53

Appendix III. Reporting Frameworks and Standards

SASB Metrics Index

SASB topic	Code	Description	Unit of measure	Omissions and/or modifications	Page
Road Transportation Standard - 2018 Version					
Activity Metrics					
Activity Metric	TR-RO-000.A	Revenue ton miles (RTM)	Number	Not available. We do not have an exact measure of tons transported.	
	TR-RO-000.B	Load factor	Number	Not available	
	TR-RO-000.C	Number of employees, number of truck drivers	Number		33, 116
Accounting Metrics					
Greenhouse Gas Emissions	TR-RO-110a.1	Gross global Scope 1 emissions	Metric tons (t) of CO_2-e		73, 110
	TR-RO-110a.2	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	N/A		66, 68, 71, 73
	TR-RO-110a.3	(1) Total fuel consumed, (2) percentage natural gas, (3) percentage renewable	Gigajoules (GJ), percentage (%)		72, 107
Air Quality	TR-RO-120a.1	Air emissions of the following pollutants: (1) NOx (excluding N_2O), (2) SOx, and (3) particulate matter (PM10)	Metric tons (t)	We reported NOx, SO_2 and PM2.5	75, 114

SASB topic	Code	Description	Unit of measure	Omissions and/or modifications	Page
Driver Working Conditions	TR-RO-320a.1	(1) Total recordable incident rate (TRIR) and (2) fatality rate for (a) direct employees and (b) contract employees	Speed		45, 121
	TR-RO-320a.2	(1) Voluntary and (2) involuntary turnover rate for all employees	Speed		119
	TR-RO-320a.3	"Description of approach to managing short-term and long-term driver health risks"	N/A		38, 45
Accident & Safety Management	TR-RO-540a.1	Number of road accidents and incidents	Number		45, 121
	TR-RO-540a.2	"Safety Measurement System BASIC percentiles for: (1) Unsafe Driving, (2) Hours-of-Service Compliance, (3) Driver Fitness, (4) Controlled Substances/Alcohol, (5) Vehicle Maintenance, and (6) Hazardous Materials Compliance"	Percentile	We do not monitor these percentiles, only for (6) Hazardous materials compliance	77, 115
	TR-RO-540a.3	(1) Number and (2) aggregate volume of spills and releases to the environment	Number, cubic meters (m^3)	We have no information on spills	
Air Freight & Logistics Standard - 2018 Version					
Activity Metrics					
Activity Metrics	TR-AF-000.A	Revenue per ton/kilometers (RTK) for: (1) road transport and (2) air transport	RTK	We do not have an exact measure of tons transported.	
	TR-AF-000.B	Load factor for: (1) road transport and (2) air transport	Speed	Not available	
	TR-AF-000.C	Number of employees, number of truck drivers	Number		33, 116
Accounting Metrics					
Air Quality Greenhouse Gas Emissions	TR-AF-110a.1	Gross global Scope 1 emissions	Metric tons (t) of CO_2-e		73, 110
	TR-AF-110a.2	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	Number		66, 68, 71, 73
	TR-AF-110a.3	(1) and (2) aggregate volume of spills and air emissions	Gigajules (GJ), percentage (%)	We have no information on spills.	
Air Quality	TR-AF-120a.1	Air emissions of the following pollutants: (1) NOx (excluding N_2O), (2) SOx, and (3) particulate matter (PM10)	Metric tons (t)	We reported NOx, SO_2 and PM2.5	75, 114

SASB topic	Code	Description	Unit of measure	Omissions and/or modifications	Page
Labor Practices	TR-AF-310a.1	Percentage of drivers classified as independent contractors	Percentage (%)	Not available	
	TR-AF-310a.2	Total amount of monetary losses as a result of legal proceedings associated with labor law violations	Currency to be communicated		27
Employee Health & Safety	TR-AF-320a.1	(1) Total recordable incident rate (TRIR) and (2) fatality rate for (a) direct employees and (b) contract employees	Speed		121
Supply Chain Management	TR-AF-430a.1	Percentage of carriers with BASIC percentiles above the FMCSA intervention threshold	Percentage (%)	We have no information on these percentiles	
	TR-AF-430a.2	Total greenhouse gas (GHG) footprint across transport modes.	Metric tons (t) of CO_2-e per ton		73, 110
Accident & Safety Management	TR-AF-540a.1	Description of implementation and outcomes of a Safety Management System	N/A		45
	TR-AF-540a.2	Number of aviation accidents	Number	Does not apply, given the nature of Grupo Traxión's activities.	
	TR-AF-540a.3	Number of road accidents and incidents	Number		121
	TR-AF-540a.4	Safety Measurement System BASIC percentiles for: (1) Unsafe Driving, (2) Hours-of-Service Compliance, (3) Driver Fitness, (4) Controlled Substances/Alcohol, (5) Vehicle Maintenance, and (6) Hazardous Materials Compliance	Percentile	We do not monitor these percentiles, only for (6) Hazardous materials compliance	77, 115
Professional Services Standard - 2018 Version					
Activity Metrics					
Activity Metrics	SV-PS-000.A	Number of employees by: (1) full-time and part-time, (2) temporary, and (3) contract	Number		33, 116
	SV-PS-000.B	Employee hours worked, percentage billable	Hours, percentage (%)	Not available	
Accounting Metrics					
Data security	SV-PS-230a.1	Description of approach to identifying and addressing data security risks	N/A		94
	SV-PS-230a.2	Description of policies and practices relating to collection, usage, and retention of customer information	N/A		94
	SV-PS-230a.3	(1) Number of data breaches, (2) percentage involving customers' confidential business information (CBI) or personally identifiable information (PII), (3) number of customers affected	Number, percentage (%)		94

SASB topic	Code	Description	Unit of measure	Omissions and/or modifications	Page
Diversity and implication of the workforce	SV-PS-330a.1	Percentage of gender and racial/ethnic group representation for (1) executive management and (2) all other employees	Percentage (%)	We have the breakdown by gender, but not the other categories	33, 116
	SV-PS-330a.2	(1) Voluntary and (2) involuntary turnover rate for all employees	Speed		119
	SV-PS-330a.3	Employee engagement as a percentage	Percentage (%)		50
Professional integrity	SV-PS-510a.1	Description of approach to ensuring professional integrity	N/A		27
	SV-PS-510a.2	Total amount of monetary losses as a result of legal proceedings associated with professional integrity	Currency to be communicated		27

Appendix III. Reporting Frameworks and Standards

TCFD Recomendations Index

Recommended report	Code	Page(s)	Complementary information
Governance			
a) Describe the Board's oversight of climate-related risks and opportunities	GEN-GOV.a	Our Sustainability Model, Corporate governance, Climate Change Risks and Opportunities	The Sustainability Department leads all efforts on this issue; it reports directly to the Executive President, makes quarterly progress reports to the Sustainability Committee and to the committees of the Board of Directors: Corporate Practices and Sustainability Committee and other bodies (Executive Committee, Audit Committee, as required). The Sustainability Committee is responsible for monitoring the Group's management, including climate-related risks; it includes the totality of Traxión's corporate departments and business units. Through quarterly meetings, it operates both as a forum to coordinate the execution of the Group's Sustainability Strategy and to identify and assess ESG opportunities and risks. The Corporate Practices and Sustainability Committee makes a quarterly assessment of the plans, objectives, goals, strategies, risks, and activities related to the Group's ESG performance, including climate change risks, and reports to the Board of Directors. The Sustainability Strategy includes environmental initiatives related to the company's fuel efficiency, the use of alternative fuels with lower greenhouse gas emissions (GHG), and establishing ways in which to offset emissions. To complement these tasks, a climate change risk analysis was developed and additional measures were included in the Sustainability Strategy. **Validation of the identification and prioritization of climate change risks** Our Sustainability Director, in collaboration with all the business units and the Corporate Risk area developed a method to identify climate change risks based on which we established measures to strengthen the Sustainability Strategy, which we are currently implementing. The results (prioritized risks associated to climate change, as well as opportunities) are approved and validated by the Executive President and the Corporate Practices and Sustainability Corporate Practices Committee, a body of the Board of Directors. Afterwards, they are once again presented to the Sustainability Committee, which includes all the corporate and business unit departments, for follow-up and monitoring by all departments in the Group. **Follow-up on the operational Balanced Scorecard indicators** We have an operational indicators scorecard that is monitored by the Operational Excellence (OPEX) department, which reports its findings to the CEO. The CEO briefs the Board of Directors on how these are evolving. The scorecard includes a performance indicator for fuel consumption, which is the main source of GHG emissions at Traxión. We are in the process of finalizing the strategic ESG scorecard, which was based on the initiatives included in the Sustainability Strategy and its goals, and will be monitored by the Sustainability Department and presented as described above, sequentially, to the committees and Board. The scorecard will include Scope 1 and 2 GHG emissions.

Recommended report	Code	Page(s)	Complementary information
b) Describe management's role in assessing and managing climate-related risks and opportunities	GEN-GOV.b	Our Sustainability Model, Climate Change Risks and Opportunities	**Sustainability Strategy (including climate-change-related initiatives)** Design and Management → Sustainability Department Approval → Executive President (member of the Board of Directors) Validation and Monitoring → Corporate Practices and Sustainability Committee (body of the Board of Directors), Sustainability Committee (which includes all corporate and business unit directors) Integration into risk management → Risks Corporate Department Implementation of initiatives, including those resulting from the climate-change-related risks identified → responsibilities allocated based on the function of the process and/or activity, in every business unit Monitoring of the indicators included in the Balanced Scorecard → Operational Excellence, Sustainability Department, CEO, Board of Directors
Strategy			
a) Describe the climate-related risks and opportunities the organization has identified over the short- medium-, and long-term	GEN-STRAT.a	Climate Change Risks and Opportunities	Included in the corresponding sub-section, broken down according to the taxonomy proposed by TCFD. It is important to point out that both the risks and opportunities have a short-, medium-, and long-term horizon, described herein, including the time interval represented in each category.
b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning	GEN-STRAT.b	We are Traxión, Climate Change Risks and Opportunities, Planet, Investment in eco-efficient technologies, Transition to clean transportation technologies	Based on our climate change risk analysis, we developed an action plan with a series of initiatives that we included in the Sustainability Strategy. It is important to point out that certain initiatives have already been included in our Sustainability Strategy and in the company's strategic planning that contribute to prevent and/or mitigate risks. There is a strong relationship between fuel consumption efficiency and the reduction in the intensity of GHG emissions. These measures include: regular renewal of the fleet; aerodynamic adaptations to power units; state-of-the-art telemetry systems; operator training on eco-efficient driving; quality control of diesel, including a filtration system; use of data technology to make the operation more efficient, optimize routes, and reduce empty backhaul. We are making progress in the use of technology to assign routes in a more efficient manner. In 2021, in collaboration with FICO, we launched a system for the People Mobility segment, which is already being implemented in the majority of the regions where we operate; we input multiple data in it, which enables us to minimize the number of kilometers driven. In the Cargo Mobility segment, the Traxporta platform also helps assign routes more efficiently. Likewise, in Last Mile we continue to work on implementing efficiency measures. We have made a more detailed assessment of the financial impact of these risks and opportunities, including some specific initiatives such as the system developed with FICO. The strategic priorities of the sustainability team include the following: - We are developing capabilities and allocating resources to adopt alternative fuels, alongside electric buses and last-mile vehicles. - We are incorporating Zero Emission electric vans into our last-mile fleet following successful adoption trials. - We have been evaluating and mapping the availability and feasibility of alternative fuels for our operations, with a particular focus on biomethane and hydrogen. - We have incorporated tractor trucks equipped with state-of-the-art Euro VI engines into our fleet, that use natural gas and offer 11% higher energy efficiency levels; and can use biomethane a renewable fuel with promising potential to further reducing our carbon footprint.

Recommended report	Code	Page(s)	Complementary information
c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, include a 2°C or lower scenario	GEN-STRAT.c	Climate Change Risks and Opportunities	We analyzed several climate-related scenarios. This allowed us to update the risks we had identified. In the most extreme circumstances, major marginal expenses would be generated from the use of air-conditioning in the locations and routes where average temperatures are higher. However, based on these results, our short-term resilience is very high in terms of the climate scenarios that were assessed.
Risk management			
a) Describe the organization's processes for identifying and assessing climate-related risks.	GEN-RISK.a	Climate Change Risks and Opportunities	The assessment was updated in 2022-2023, with the support of external specialists, and as a follow-up to the initial exercise carried out in 2021. The process consisted of identifying potential risks and opportunities, based on the previous list, which we updated taking into consideration key trends in the mobility and logistics sectors, such as the evolution of technologies and public policies. We prioritized two variables: the probability of them occurring and Traxión's vulnerability. The assessment was carried out by the specialists team and validated by Traxión's own team. We also tested climate-related scenarios, which were selected based on their international recognition and pertinence.
b) Describe the organization's processes for managing climate-related risks	GEN-RISK.a	Value Chain Management and Engagement, Technological Platform, Energy and emissions, Investment in eco-efficient technologies	Climate-related risks are included in the risk team's workplan. It includes specific proposals for initiatives, such as: Fuel price volatility/discontinuity in availability → direct acquisitions from importers and internal cargo system Non-compliance with emerging environmental legislation → a culture of compliance, internal and external audits Asset-light model (third-party standards) → revisions and monitoring of the state of third-party fleets Requests for Traxión to reduce its GHG emissions (by customers) → logistics efficiencies, eco-efficient technologies, fleet maintenance and renewal, fuel substitutions, etc. Technological advances for the operation, fleet management, and route management are particularly noteworthy. Regulation pertaining to emissions and mobility limits → same as above
c) Describe the organization's processes to identify, assess, and manage climate-related risks in the organization's overall risk management.	GEN-RISK.c	Risk Management	The results of the climate change risk analysis are included in the Group's risk maps, which are regularly updated in collaboration with the Corporate Risk area and specialists in every business unit. To address these risks, we have the initiatives we have mentioned, and we may add others derived from changes in the operation, in the context (for example in regulation), and from the lessons learned from those currently being implemented.
Metrics and objectives			
a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	GEN-METRIC.a	ESG Targets Appendix	The main indicators are shown throughout the report and include metrics on fuel efficiency, fuel consumption intensity, electric power consumption, Scope 1 and Scope 2 emissions, average fleet age, investment in maintenance, etc. We are working on establishing middle-term targets for fuel efficiency and the related GHG emissions, which will be aligned to the Science Based Targets Initiative (SBTi).

Recommended report	Code	Page(s)	Complementary information
b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 GHG emissions, and the related risks.	GEN-METRIC.a	Energy and emissions	We have been estimating our Scope 1 emissions, primarily generated by diesel consumption in our services, since 2019. Additionally, we have been estimating our Scope 2 emissions, related to the electricity consumed at our operational centers, since 2021. In 2022, our Scope 1 and 2 emissions inventory was verified by an external certified validation body in accordance with ISO 14064-3:2019, Specification with Guidance for the Validation and Verification of Greenhouse Gas Assertions. For 2023, this verification was conducted by a third party following the International Standard on Assurance Engagements (ISAE) 3000. In 2022, we conducted an initial exercise to estimate our Scope 3 GHG emissions for the categories we identified as most relevant and for which we were able to collect sufficiently reliable data. In 2023, we have enhanced our Scope 3 GHG emissions inventory by adding new categories, all of which have been third-party verified.
c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets	GEN-METRIC.c	ESG Targets Appendix	We have an operational indicators scorecard in place that includes a performance indicator and annual goals for fuel efficiency, which is the main source of GHG emissions at Traxión. We are in the process of finalizing a strategic ESG scorecard, based on the initiatives and goals included in the Sustainability Strategy. It will include Scope 1 and 2 GHG emissions and we will establish middle- and long-term targets, in alignment with the Science Based Targets Initiative (SBTi). We will also aim to establish a net-zero scenario, which includes emissions reductions with carbon offset measures involving the development and/or acquisition of carbon offset credits. The goals will be developed by the Sustainability Department, in close collaboration will all other relevant departments in the company, through the Sustainability Committee. Once the goals are established, they will need to be approved, validated, and monitored by the Executive President, the Corporate Practices and Sustainability Corporate Practices Committee and, finally, the Board of Directors.

Appendix IV: Verification Letter

REDES SOCIALES

Verification Letter for the 2023 Integrated Report

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

We hereby inform you that Redes Sociales en Línea Timberlan was hired to perform an independent limited verification of a sample of GRI Disclosures and sector-specific indicators for "Road Transportation, Air Cargo and Logistics, Professional Services, and Commercial Services" from the Sustainability Accounting Standards Board (SASB), as presented in Grupo Traxión's Integrated Report 2023.

The scope of our verification covered the results for the period from January 1st to December 31st, 2023, of the business group that constitutes Traxión.

Traxión's Sustainability, Reporting, and ESG Data Management is responsible for the preparation and publication of the information contained in the 2023 Integrated Report and that presented during the verification process. This responsibility includes, but is not limited to, the identification of material topics, the selection and publication of GRI Disclosures and SASB topics, as well as providing true and sufficient documentary and/or visual evidence to conduct the limited verification of the selected sample.

Our responsibility is to issue impartial and objective opinions regarding the quality of the data in the selected sample to be verified, validating its accuracy, traceability, and reliability. The work performed is based on the activities of the **International Standard on Assurance Engagements (ISAE) 3000**, issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC), and the **methodological requirements in accordance with GRI Standards and the Sustainability Reporting Standards Board.**

The **activities** carried out during the verification process include:

- Interview with the Environmental Department to understand the information collection, management, and control processes.
- Understanding of internal management systems (policies, processes, tools, source documents, etc.).
- Analysis of qualitative and quantitative information through visual, documentary, and public evidence of the sample to be verified.
- Verification of qualitative and quantitative information through visual, documentary, and public evidence of the sample to be verified.
- Comparison of data from the previous two years to validate reasonableness.
- Validation of methodological compliance in accordance with GRI Standards and the sector-specific topics for "Road Transportation, Air Cargo and Logistics, Professional Services, and Commercial Services" from SASB.

Conclusions: As a result of our work and the review of the 2023 Integrated Report, no inconsistencies were identified that would lead us to believe that the evidence from the selected sample did not meet the principles of accuracy, reasonableness, and reliability, or that the data from the verified sample contained significant and material errors.

Recommendations: A separate internal report, exclusively for the client, is provided, which contains areas of opportunity for a future report.

Rosa María Barojas Vargas
Sustainability consultant
rosy@redsociales.com

Alma Paulina Garduño Arellano
Executive Director
T. 55 5446 7484
paulina@redsociales.com

Statement of Independence and Competence of Redes Sociales en Línea Timberlan LT. The collaborators of Redes Sociales en Línea Timberlan possess the necessary level of competence to verify compliance with the standards used in the preparation of Sustainability Reports, thereby enabling them to issue a professional opinion on non-financial information reports while adhering to the principles of independence, integrity, objectivity, competence and professional diligence, confidentiality, and professional behavior. Under no circumstances should our verification statement be construed as an audit report, and therefore no responsibility is assumed for the management systems and internal control processes from which the information is obtained. This Verification Letter is issued on August 23th, 2024, and remains valid provided no subsequent and substantial modifications are made to the 2023 Integrated Report of Grupo Traxion S.A.B. de C.V.

REDES SOCIALES

GRI Disclosures		SASB TR-RO:Road Transportation TR-AF: Air Freight & Logistics SV-PS: Professional & Commercial Services	Verified data 2023
3-1	Process to determine material topics		Process to determine material topics (See pages 126 and 127)
3-2	List of material topics		List of material topics (See page 128)
Environmental			
302-1	Energy consumption within the organization	TR-RO-110.a.3 (1) Total fuel consumed, (2) porcentage natural gas, (3) porcentage renewable	Total energy consumption: **8,028,083 GJ** - Diesel: 7,629,674 - Gasoline: 262,904 - Natural gas: 72,551 - LP gas: 8,283 - Electrtic Power: 54,671
302-3	Energy intensity		Diesel Consumption Intensity by Revenue (liters/revenue in thousands of pesos): 8.06 Diesel Consumption Intensity by Kilometers Driven (liters/kilometers): 0.276 Diesel Efficiency (kilometers/liters): 3.63
305-1	Direct (Scope 1) GHG emissions	TR-RO-110.a.1 and TR-AF-110.a.1 Gross global Scope 1 emissions	**625,503 tCO2e**
		TR-RO-110a.2 and TR-AF-110a.2 Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	Long- and short-term strategy or plan to manage Scope 1 emissions (See pages 66, 68, 71 and 73)
305-2	Energy indirect (Scope 2) GHG emissions)		**6,652 tCO2e**
305-3	Other indirect (Scope 3) GHG emissions		**398,609 tCO2e**
305-4	GHG emissions intensity		- 814.28 Scope 1 GHG emissions gCO2e / km driven - 23.79 Scope 1 GHG emissions gCO2e / Revenue (pesos)
306-3	Waste generated		A total of **6,751.5** tons of waste
306-4	Waste diverted from disposal		Waste not intended for disposal: **4,063.1 tons** - Hazardous: **1,547.0 tons** - Non-hazardous: **2,516.0 tons**
306-5	Waste directed to disposal		Waste destined for disposal: **1,864.0 tons** - Hazardous: **136.1 tons** - Non-hazardous: **1,727.9 tons**
Water withdrawal			In 2023, a total of **219,573.1** cubic meters of water were extracted at all facilities.
Social			
2-6	Activities, value chain and other business relationships		Activities and value chain (See pages 9, 14 and 84)
2-7	Employees		**22,196 employees** - Woman: 3,880 - Men: 18,316 Labor demographics (See pages 116 and 117)
401-1	New employee hires and employee turnover	TR-RO-320a.2 (1) Voluntary and (2) involuntary turnover rate for all employees	**21,931 hires** Women **15.8%** Men **84.2%** - Total turnover rate **76.3%** - Voluntary turnover rate **54.4%** Involuntary job losses - Women **12.8%** - Men **87.2%**

GRI Disclosures		SASB TR-RO:Road Transportation TR-AF: Air Freight & Logistics SV-PS: Professional & Commercial Services	Verified data 2023
Social			
403-9	Work-related injuries	TR-RO-320.a.1 y TR-AF-320.a.1 (1) Total recordable incident rate (TRIR) and (2) direct employees and (b)contract employees	Work-related injuries (See tables on page 121 for employees and contractors)
405-1	Diversity of governance bodies and employees	SV-PS-330.a.1 Percentage of gender and racial/ethnic group representation for (1) executive management and (2) all other employees	Diversity of governance bodies and employees (See pages 116, 118, 123 and 124)
Governance			
2-9	Governance structure and composition		Governance structure and composition (See pages 23 to 26)
2-15	Conflicts of interest		Through the Corporate Governance Manual, which establishes the general guidelines and principles that must govern corporate governance to ensure healthy and prudent management of business and operations. The purposes of the guidelines are: - Ensure equal treatment for all our shareholders and protect their interests. - Define the responsibilities and functions of the main corporate governance bodies and their members. - Issue and disclose information responsibly and transparently. - Establish our principles of ethics and corporate social responsibility. - Comply with applicable regulations and prevent conflicts of interest. - Establish the regulatory requirements, restrictions, and impediments that must be observed in the appointment of members of the corporate governance bodies and constantly verify their compliance. - Promote diversity in our Board of Directors to enrich strategic decision-making.
2-27	Compliance with laws and regulations	TR-AF-310.a.2 Total amount of monetary losses as a result of legarl proceedings associated with professional integrity SV-PS-230a.1 Description of approach to identifying and addressing data security risks	In 2023, 63 valid cases were reported through the public reporting line
201-1	Direct economic value generated and distributed		- **EVG 25,153,964** (thousands of mxn) - **EVD 22,253,955** (thousands of mxn) - **EVR 2,900,009** (thousands of mxn)
205-1	Operations assessed for risks related to corruption	SV-PS-510.a.1 Description of approach to ensuring professional integrity	Operations assessed for risks related to corruption (See pages 27 to 29)
205-3	Confirmed incidents of corruption and actions taken	SV-PS-510.a.2 Total amount of monetary losses as a result of legal proceedings associated with professional integrity	Confirmed incidents of corruption and actions taken (See the Ethics and Compliance table on page 125)
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices		Strict compliance with internal and external regulations has not resulted in sanctions for corruption, antitrust practices or non-compliance with labor or environmental regulations.
405-2	Ratio of basic salary and remuneration of women to men		- Mean gender pay gap **0.2%** - Median gender pay gap **0.3%** - Mean bonus gap **0.2%** - Median bonus gap **0.3%**

Redes Sociales en Línea Timberlan S.A. de C.V. | Pico Sorata 180, Jardines en la Montaña, Tlalpan, C.P. 14210, CDMX.

Appendix V

Consolidated Financial Statements

As of December 31, 2023, and 2022 (With Independent Auditors' Report Thereon)
(Translation from Spanish Language Original)

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
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.

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

The recoverable amount of CGUs, which is based on the higher of value in use and fair value less costs of disposal, is derived from discounted cash flow models. These models use key assumptions, including estimates of future sales volumes and prices, operating costs, terminal value growth rates and the weighted average cost of capital (discount rate).

How the matter was addressed in our audit
The main procedures we performed to address this key audit issue included the following:

We compare the Group's historical projections of cash flows with current results to assess the Group's ability to make reasonable projections. In addition, we involve our valuation specialists, who assisted us in:

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

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

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

We evaluate the adequacy of the disclosures contained in the notes to the consolidated financial statements.

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.

Alejandro Lozano Rodríguez
Mexico City, April 26, 2024.

Consolidated statements of financial position

December 31, 2023 and 2022
(In thousands of Mexican pesos)

Assets	**Note**	**2023**	2022
Current assets:			
Cash and cash equivalents	7	$ 1,379,799	996,222
Equity investments	5(b)	-	128,468
Accounts receivable	8	4,340,114	3,280,313
Related parties	10	-	1,945
Income tax assets		234,166	239,228
Other tax assets (mainly VAT)		940,166	672,526
Other accounts receivable	9	492,173	365,682
Inventories (mainly spare parts)		163,412	112,606
Prepayments	11	256,840	258,408
Current portion of derivative financial instruments	25	31,000	42,375
Total current assets		7,837,670	6,097,773
Non-current assets:			
Long-term prepayments	11	159,954	33,600
Transportation equipment and machinery	12	14,321,811	11,835,104
Right-of-use assets	19	1,386,262	1,327,736
Investment in associated entities	1	179,373	39,525
Goodwill	13	5,291,841	5,140,821
Intangible assets	13	2,184,147	2,217,759
Guarantee deposits		102,880	86,757
Deferred income taxes	20	491,028	294,356
Long-term derivative financial instruments	25	20,245	30,806
Total non-current assets		24,137,541	21,006,464
Total assets		$ 31,975,211	27,104,237

Liabilities and stockholders´ equity	**Note**	**2023**	2022
Current liabilities:			
Current portion of long-term debt	14	$ 986,991	1,092,316
Current portion of long-term debt securities	14	100,000	-
Current lease liabilities	19	626,952	562,152
Suppliers	15	1,629,662	1,414,810
Other liabilities		1,326,868	730,024
Other taxes	16	923,960	764,988
Provisions	18	981,306	626,210
Income taxes		73,859	169,609
Employee statutory profit sharing	18	87,686	23,492
Related parties	10	-	338
Advances from customers	8	73,539	38,112
Total current liabilities		6,810,823	5,422,051
Non-current liabilities:			
Long-term debt, excluding current portion	14	6,597,426	6,014,178
Long-term debt securities, excluding current portion	14	2,500,000	2,500,000
Long-term lease liabilities excluding current portion	19	652,565	660,513
Long-term other liabilities	27	60,641	-
Derivative financial instruments	25	2,549	3,759
Employee benefits	17	119,860	109,894
Deferred income taxes	20	1,329,887	1,226,586
Total non-current liabilities		11,262,928	10,514,930
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 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)

	Note		2023	2022
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 and 22		18,989,548	16,063,751
Gross profit			5,817,088	4,261,292
General expenses	10 and 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				
Current	20		265,285	87,327
Deferred			(44,418)	150,990
Total income tax			220,867	238,317
Consolidated net income			638,709	506,064

See accompanying notes to consolidated financial statements.

	Note		2023	2022
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

Consolidated statements of changes in stockholders' equity

For the years ended December 31, 2023 and 2022
(In thousands of Mexican pesos)

	Note	Capital stock	Additional paid- in capital	Legal reserve	Actuarial loss	Valuation effect from derivative financial instruments	Other equity accounts	Foreing currency traslation effect	Retained earnings	Equity attributable to owners of the Company	Non-controlling interests	Total stockholders' equity
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)

	Note	2023	2022
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 and 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		1,493,792	924,351
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		64,194	(63,619)
Net cash from operating activities		3,421,041	3,402,263

	Note	2023	2022
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		74,849	35,201
Net cash used in investing activities		(3,366,316)	(4,965,238)
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]		(1,420,307)	(858,666)
Net cash used in financing activities		332,392	1,225,791
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		(3,540)	(1,649)
Cash and cash equivalents at end of year		$ 1,379,799	996,222

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

Notes to the consolidated financial statements

For the years ended December 31, 2023 and 2022
(Thousands of Mexican 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.
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	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.

	2023	2022	Main activity
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.
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

	2023	2022	Main activity
Excelencia en Transporte Escolar y de Personal, S. A. P.	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
Prediama, 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.

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, 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.

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.

C. Measurement of fair values

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

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

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

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.

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

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

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

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

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

(iii) Business model evaluation -

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

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

Financial assets at fair value with changes in results	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss. However, see note 25 in the case of instruments designated as hedging instruments.
Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by the impairment losses. Interest income, gains and losses from foreign currency translation and impairment are recognized in results. Any gain or loss on the derecognition of accounts is recognized in results.

(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.

(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.

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.

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.

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.

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.

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.

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.

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 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 lase 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.

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.

(5) Determination of fair values-

The fair value is the price that would be received to sell an asse 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.

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.

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)
	$	4,466,061	(125,947)	3,364,344	(84,031)

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:

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)
Balance at the end of the year	$	125,947	84,031

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)	-
Balance at the end of the year	$	8,766	39,616

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.

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:

2023		Carrying amount	Total cash flows	0-12 months	1 to 2 years	More than 3 years
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	-	-
	$	15,462,411	19,027,914	6,958,739	3,081,155	8,988,020

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

2022		Carrying amount	Total cash flows	0-12 months	1 to 2 years	More than 3 years
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	-	-
	$	13,600,541	16,634,695	5,543,251	2,854,903	8,236,541

2022		Carrying amount	Total cash flows	0-12 months	1 to 2 years	More than 3 years
Derivative financial liabilities						
Foreing exchance 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	-

Market risk-
Market is 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
TIIE28	Syndicated credit	$	2,328,000
TIIE28	Simple credits		2,968,708
TIIE28	Current portion of long-term debt securities		100,000
TIIE28	Revolving credits		100,000

Reference rate	Type of financial instrument	Notional
TIIE28	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.

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

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

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

		Average for	
		2023	2022
US dollar	$	17.75	20.63

		For the year	
		2023	2022
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.

		For the year	
		2023	2022
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.

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
	$	5,728,697	6,003,027

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

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.

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			
	Fair value	Cash and accounts receivable	Interest rate swaps designated as hedge accounting	Total	Level 1	Level 2	Level 3	Total
Financial assets at fair value:								
Derivative financial Instruments	$ -	-	51,245	51,245	-	51,245	-	51,245
	$ -	-	51,245	51,245	-	51,245	-	51,245
Financial assets not measured at fair value:								
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	-	-	-	-

2022

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

2023

	Carrying amount				Fair value			
	Fair value	Other financial liabilites	Exchange rate forwards designated as hedge accounting	Total	Level 1	Level 2	Level 3	Total
Financial liabilities not measured at fair value:								
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
Financial liabilities at fair value:								
Derivative financial instruments	$ -	-	2,549	2,549	-	2,549	-	2,549
	$ -	-	2,549	2,549	-	2,549	-	2,549

2022

	Carrying amount				Fair value			
	Fair value	Other financial liabilities	Exchange rate forwards designated as hedge accounting	Total	Level 1	Level 2	Level 3	Total
Financial liabilities not measured at fair value:								
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
Financial liabilities at fair value:								
Derivative financial instruments	$ -	-	3,759	3,759	-	3,759	-	3,759
	$ -	-	3,759	3,759	-	3,759	-	3,759

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

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

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
Rate risk interest					
Variable rate instruments	$	21,936	51,245	-	-
Exchange rate risks					
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
Rate risk interest					
Variable rate instruments	$	(29,420)	73,181	-	-
Exchange rate risks					
Foreign exchange					
forward contracts		4,446	(3,759)	-	-

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

2023

	Nominal amount	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
		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

2022

	Nominal amount	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
		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	45,533	-	3,759	Derivative 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
Balance as of January 1	$	(48,100)	-	(30,633)	-
Cash flow hedges					
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	-
Balance as of December 31	$	(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
Liabilities less cash and cash equivalents	$	16,693,952	14,940,759
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

(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
Cash and cash equivalents	$	1,379,799	996,222

(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
Total accounts receivable	$	4,340,114	3,280,313

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.

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
Total other accounts receivable	$	492,173	365,682

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	Operation Cost		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

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

Accounts receivable		2023	2022
Pública Entertaiment, S. A. de C. V.	$	-	1,945

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

Accounts payable		2023	2022
Grupo Publica espectaculares y Vallas, S. A. de C. V.	$	-	76
Related parties		-	262
	$	-	338

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

As of December 31, 2 0 2 2 , accounts receivable and payable between related parties are not guaranteed.

(11) Prepayments-

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

[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-

Cost		2022	Additions	Disposals	2023
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
	$	15,759,861	4,104,361	599,384	19,264,838

Depreciation-

Accumulated depreciation		2022	Additions	Disposals	2023
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
Carrying value, net	$	11,835,104	2,760,506	273,799	14,321,811

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-

Cost		2021	Additions	Business acquisition	Disposals	2022
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		2021	Additions	Business acquisition	Disposals	2022
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
Carrying value, net	$	9,293,263	2,628,080	87,963	174,202	11,835,104

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:

Entity		2023	2022
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
	$	5,291,841	5,140,821

Intangibles and other assets-

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

Cost	2022	Additions	Disposals	2023
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
	2,585,255	57,501	-	2,642,756
Amortization				
Customers	270,516	57,625	-	328,141
Licenses and Software	96,980	31,412	-	128,392
Other Intangibles	-	2,076	-	2,076
	367,496	91,113	-	458,609
Net book value	2,217,759	(33,612)	-	2,184,147

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

Cost	2021	Additions	Business acquisition	Disposals	2022
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
	1,644,030	-	956,279	15,054	2,585,255
Amortización					
Customers	230,767	39,749	-	-	270,516
Licenses & Software	78,873	19,264	-	1,157	96,980
	309,640	59,013	-	1,157	367,496
Net book value	1,334,390	(59,013)	956,279	13,897	2,217,759

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.

In percentage	**2023**	2022
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%

(14) Debt-

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

		2023	2022
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

		2023	2022
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
Long-term debt, excluding current maturities and debt securities	$	6,597,426	6,014,178

(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.

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
	$	923,960	764,988

(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
Recognized liability of defined benefit obligations	$	119,860	109,894

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)
DBO as of December 31	$	119,860	109,894

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
	$	215,779

a) *Expense recognized in profit and loss-*

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

Actuarial (gains) losses recognized in other comprehensive income-

		2023	2022
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)
As of December 31,	$	(7,285)	(3,471)

b) *Actuarial assumptions-*

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

	2023	2022
Discount rate	9.10% to 9.20%	9.20% to 9.30%
Salary increase	4.45% to 5.58%	4.45% to 5.58%
Minimum salary increase	15% to 20%	15% to 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.

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:

2023		Increment	Decrease
Discount rate (1% variation)	$	(2,599)	2,738

2022		Increment	Decrease
Discount rate (1% variation)	$	(2,463)	2,590

(18) Provisions and ESPS-

2023		Wages and salaries	Cost of service	Other provisions	Total provisions	ESPS
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
Ending balance	$	224,991	514,070	242,245	981,306	87,686

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

2022		Wages and salaries	Cost of service	Other provisions	Total provisions	ESPS
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
Ending balance	$	84,933	455,093	86,184	626,210	23,492

(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
Balance as of December 31	$	945,994	91,021	322,569	26,678	1,386,262

2022		Real estate	Transportation 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
Balance as of December 31	$	762,749	158,500	383,667	22,820	1,327,736

ii. Lease liabilities

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

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
Total lease liabilities	$	793,265	66,452	302,184	60,764	1,222,665

	Beginning balance 2022	Lease payments	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 (1)	$	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).

(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
	$	(838,859)	(932,230)

(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
	$	(932,230)	44,418	41,101	7,852	(838,859)

		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

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*

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

Income Tax recognized directly in other comprehensive income-

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

(d) *Reconciliation of effective tax rate-*

		2023	2022
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)
	$	220,867	238,317

(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	-
Outstanding ordinary shares as of December 31 (net)	567,790,504	476,191,876

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 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.

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 [1]		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 [2]		945,729	992,596
Total costs	$	18,989,548	16,063,751

(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.

(23) General expenses -

		2023	2022
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 [1]		269,404	252,334
Total costs	$	3,536,993	2,711,635

[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:

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

[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.

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 days	15,302	Joint Obligors
Banorte interest rate swap at 5.95% fixed rate	261,000	11.50/TIIE 28 days	15,546	Joint Obligors
HSBC interest rate swap at 5.98% fixed rate	348,000	11.50/TIIE 28 days	20,397	Joint Obligors
	870,000		51,245	

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 days	21,923	Joint Obligors
Banorte interest rate swap at 5.98% fixed rate	294,000	10.76/TIIE 28 days	22,162	Joint Obligors
HSBC interest rate swap at 5.98% fixed rate	392,000	10.76/TIIE 28 days	29,096	Joint Obligors
	980,000		73,181	

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 per dollar	(2,549)	Does not apply
	10,004		(2,549)	

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 per dollar	(3,759)	Does not apply
	45,533		(3,759)	

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 per dollar	(3,759)	Does not apply
	45,533		(3,759)	

	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**
Derivatives	69,422	-	-	(20,726)	-	-	48,696

	Eginning 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
Derivatives	43,761	-	-	24,954	707	-	69,422

b) *Current investments -*

		2023	2022
Equity investments	$	–	128,468
Total equity investments	$	–	128,468

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 liabilitiesa)

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.

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
Total consideration transferred	$	9,443	159,525

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 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”.

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

		Fair Value
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
		1,534,747

	Fair Value
	1,534,747
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
Net assets acquired	800,645
Consideration paid	1,556,767
Goodwill	756,122

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

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:

		Fair Value
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
Net assets acquired		40,743
Consideration paid		102,550
Goodwill		61,807

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	564,534,495	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.

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:

2023		Mobility of Cargo	Logistics and technology	Mobility of personnel	Total reportable segments
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
	$	7,689,773	8,115,290	9,001,573	24,806,636
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
Total assets	$	8,982,226	7,407,280	14,904,397	31,293,903
Total liabilities	$	4,571,307	6,317,731	6,960,902	17,849,940

2022		Mobility of Cargo	Logistics and technology	Mobility of personnel	Total reportable segments
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
	$	7,180,145	5,724,954	7,419,944	20,325,043
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
Total assets	$	8,302,412	6,297,116	12,163,391	26,762,918
Total liabilities	$	4,709,398	5,379,183	4,871,030	14,959,611

c) *Conciliation of revenues by operating segment-*

Consolidated net income

		2023	2022
Net profit by reportable segments	$	746,957	595,196
Corporate expenditures, net		(108,248)	(89,132)
Consolidated net income	$	638,709	506,064
Assets			
Total assets by operating segments	$	31,293,903	26,762,918
Corporate assets (mainly goodwill and brands)		681,308	344,270
Consolidated assets	$	31,975,211	27,107,188
Liabilities			
Total, liabilities by operating segments	$	17,849,940	14,959,611
Corporate liabilities		223,811	980,321
Consolidated liabilities	$	18,073,751	15,939,932

Information by geographic area-

2023		Mexico	United States of America	Total
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
	$	21,903,800	2,902,836	24,806,636

2022		Mexico	United States of America	Total
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
	$	17,448,507	2,876,536	20,325,043

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.

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