


**TRAXIÓN**  
VIDA EN MOVIMIENTO



## Quarterly Earnings Release

# 1Q22

Mexico City, April 26, 2022

Member of  
**Dow Jones  
Sustainability Indices**

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### Conference call

Wednesday, April 27, 2022  
10:00 a.m. Mexico City  
11:00 a.m. New York

### Dial-in

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### Call replay

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## TRAXIÓN REPORTS 1Q22 RESULTS: REVENUES GREW 13.2%, EBITDA INCREASED 5.5%, AND NET OPERATING CASH FLOW EXPANDED 16.7%

The figures presented in this report have been prepared in accordance with International Financial Reporting Standards (IFRS) and are expressed in nominal millions of Mexican Pesos (MXN), unless otherwise stated.

- **Consolidated revenue** totaled Ps. 4,520 million, a 13.2% growth compared to 1Q21.
- The logistics and technology segment recorded an **18.7% growth compared to 1Q21 and represented 27.8% of consolidated revenues.**
- **Technology platforms TRAXPORTA and TRAXIÓN Logistics (4PL)** grew revenues 86.2% in aggregate, compared to 1Q21.
- **General expenses** decreased Ps. 100 million pesos, a 14.4% reduction compared to 1Q21, which represents an efficiency of 425 basis points as a percentage of revenues.
- **Consolidated EBITDA** totaled Ps. 845 million, a 5.5% growth compared to the same period of 2021.
- **EBITDA margin** was 18.7%, compared to 20.1% in 1Q21.
- **Net income** reached Ps. 201 million, compared to Ps. 197 million in 1Q21.
- **Net operating cash flow** totaled Ps. 642 million, a 16.7% growth compared to the same quarter of 2021.
- **CapEx in 1Q22** was Ps. 651 million, in line with the company's investment plan for 2022.
- **Average fleet in operation was 9,408 units.**
- **3PL warehouse area** reached more than 607,000 sqm, a 14.0% growth compared to 1Q21.
- **Regarding ESG**, during 1Q22 TRAXIÓN started reporting information on Bloomberg's ESG platform.
- **On March 17, TRAXIÓN announced** the execution of an agreement to acquire MEDISTIK, one of the most important 4PL companies that provides logistics solutions for medicine and medical accessories, through an asset light approach and with a leading position in a resilient industry. MEDISTK offers highly specialized services and has a leadership position with more than 25 years of experience in the sector. The transaction is subject to regulatory approvals, which TRAXIÓN expects to obtain shortly.

## MESSAGE FROM THE EXECUTIVE PRESIDENT

Dear fellow investors,

This quarter marks one year since TRAXIÓN began reporting its logistics and technology segment independently, and this business unit has had the highest growth within the Company. For the quarter, it posted an 18.7% revenue growth compared to the same period of last year as a result of an increase of more than 86.0% in revenue from technology-related services, mainly from the TRAXPORTA app and the TRAXIÓN Logistics 4PL platform. Over a year ago, we started an intensive commercial strategy that has been very successful, and these platforms are precisely where we see the most expansion potential within the segment. The performance of these business lines has been above our expectations, and we continue to predict a positive trend going forward.

The first quarter of the year was marked by the unfortunate events in Eastern Europe. Consequently, this brought further supply chain disruptions, volatility in financial markets, and increases in commodity prices. Many companies and industries globally suffered negative impacts.

For TRAXIÓN, the main impact was felt with fuel, which is our largest operating cost. Oil price volatility generated disruptions in product availability, which caused further supply and demand issues that resulted in an increase of both general prices and our costs. As we have always done, we are working on passing these increased costs to our clients. It is important to bear in mind that the rise in prices was very sudden, and happened in the middle of the quarter, and price hikes have a natural delay. We expect that our pricing actions will have an effect in the following months.

TRAXIÓN maintains its growth and expansion plan for 2022 and has posted outstanding financial and operating results, despite the disruption in fuel prices. We continue to observe strong demand levels and are identifying new opportunities that leverage our combination of commercial strength with phenomenal operating capabilities.

Furthermore, our traditional business lines' expansion and organic growth plans remain in line with our expectations. The Mobility of Cargo Segment continues shifting operations towards more specialized services such as refrigeration and petrochemicals, while some regular trucking services are operated directly through the TRAXPORTA app. The Mobility of Personnel Segment operated on a fully normalized basis, compared to the same period of last year, in which there was significant overdemand from the social distancing rules.

Moving on to financial results, consolidated revenue grew 13.2%, EBITDA expanded 5.5%, net income increased 2.0%, and net operating cash flows grew 16.7%. EBITDA margin was 18.7% mainly due to the increase in fuel cost. Importantly, our very strict expense control continues to result in important efficiencies.

In terms of ESG, during the first quarter, TRAXIÓN started reporting information on Bloomberg's ESG platform, which represents yet another milestone in our strategy. Likewise, the company continued to make progress via the TRAXIÓN Foundation by supporting several educational, social, and mobility initiatives that contribute to social development.

Finally, on March 17 we announced an agreement to acquire MEDISTIK. With this integration, TRAXIÓN enters the medicine and medical accessories distribution business, which is a resilient and specialized sector with attractive margins and is in line with our asset light approach. The most significant synergies are on the commercial front, mainly due to the great potential we see to grow revenues, together with other financial and operational efficiencies.

I want to thank all our stakeholders and the TRAXIÓN team, such favorable results would not have been achieved without their trust and effort.

**Aby Lijtszain Chernizky**

Co-founder and executive president

## FINANCIAL AND OPERATING INDICATORS

Financial Indicators	1Q22	1Q21	Δ
<b>Consolidated Revenue</b>	4,520	3,993	13.2%
Logistics and technology	1,257	1,059	18.7%
Mobility of cargo	1,563	1,384	12.9%
Mobility of personnel	1,700	1,550	9.7%
<b>Total costs</b>	3,472	2,830	22.7%
General expenses	596	696	(14.4)%
Consolidated operating income	452	467	(3.2)%
Depreciation and amortization	393	334	17.7%
<b>Consolidated EBITDA</b>	845	801	5.5%
EBITDA margin	18.7%	20.1%	(140) pbs
<b>Consolidated net income</b>	201	197	2.0%
Earnings per share <sup>1</sup>	0.38	0.37	3.5%
<b>Total CapEx</b>	651	389	67.3%
Net operating cash flow	642	550	16.7%
Net Debt / EBITDA	1.71x	1.49x	

Operating Indicators	1Q22	1Q21	Δ
<b>Kilometers driven (million)</b>	159.4	151.0	5.6%
Mobility of cargo	65.7	64.8	1.2%
Mobility of personnel	93.8	86.2	8.8%
<b>Average Fleet (power units)</b>	9,408	8,431	11.6%
Mobility of cargo	2,252	2,182	3.2%
Mobility of personnel	6,348	5,500	15.4%
Last mile <sup>2</sup>	808	749	7.9%
<b>Avg. revenue per kilometer<sup>3</sup> (Ps./km.)</b>			
Mobility of cargo	23.61	21.04	12.2%
Mobility of personnel	18.13	17.99	0.8%
<b>Avg. cost per kilometer<sup>4</sup> (Ps./km.)</b>			
Mobility of cargo	18.35	14.42	27.2%
Mobility of personnel	12.55	11.09	13.1%
<b>3PL warehouse area (sqm)</b>	607,021	532,389	14.0%
Revenue per sqm	163.99	168.20	(2.5)%
Cost per sqm	112.06	116.34	(3.7)%

Figures in million pesos, except for per share and kilometer data.

1 To calculate earnings per share, a weighted average of shares, excluding share repurchases was used: 1Q22: 529,131,014; and 1T21: 537,338,399 shares.

2 Includes Redpack's fleet: 64 trucks, 540 light trucks, 57 cars, and 147 motorcycles.

3 Does not include Redpack's fleet (last-mile).

4 Costs incurred per kilometer driven: wages, net fuel, maintenance, net tolls, and other costs, including depreciation and excluding warehousing cost.

## QUARTERLY MD&A

TRAXIÓN posted a Ps. 528 million growth in revenue, 13.2% above 1Q21, due to an 18.7% increase in the logistics and technology segment, mainly caused by a larger revenue contribution from technological services. This segment continues to display the most development and expansion within the company, mainly from its asset light nature, which allows TRAXIÓN to increase profitability with low CapEx requirements.

Moreover, operating income posted a Ps. 15 million decline compared to the same period of 2021, which was due to a 22.7% increase in total costs, mainly driven by a 46.2% increase in fuel costs.

Importantly, our strict expense controls were able to reduce costs by Ps. 100 million, contracting by 425 basis points as a percentage of revenues, which represents a 14.4% decrease in absolute terms. This quarter, management executed several savings in expenses and will continue to generate economies of scale.

Net operating cash flow grew 16.7% as a result of an improvement in the working capital cycle, which is even more remarkable given the level of expansion in operations of the company.

In terms of leverage, there is an increase in the net-debt-to-EBITDA ratio, which is mainly due to the CapEx plan, whose investments do not reflect their respective revenue in the quarter.

Despite the increase in fuel costs, demand across our three segments, operating volumes, and overall business activity are in line with management's targets and expectations.

The **logistics and technology segment** reached PS. 1,257 million in revenues; a 18.7% growth compared to the same period of 2021. The increase was driven by:

- A Ps. 107 million growth in revenues related to technological platforms; a 86.2% expansion compared to 1Q21, mainly due to the success of the TRAXPORTA app and the TRAXIÓN Logistics 4PL platform;
- A 10.1% growth in revenues from last mile solutions, mainly driven by e-commerce activity, which continues to develop and penetrate in Mexico; and
- An 8.7% increase in revenues from 3PL logistics services, mainly due to intensive commercial activity that resulted in a 14.0% expansion in warehouse area towards the end of the quarter, whose revenues will be reflected in 2Q22.

This segment represented 27.8% of consolidated revenue. Moreover, EBITDA grew 9.6% mainly driven by increased volumes, and was partially offset by a growth in expenses, mainly due to pre-operating expenses required for new business, and which put the margin at 9.1%, in line with TRAXIÓN's expectations. It is important to mention that this was the segment with the most growth in the company this quarter.

Logistics & Technology	1Q22	1Q21	Δ
Revenue	1,257	1,059	18.7%
Total costs	1,101	923	19.3%
General expenses	119	89	33.2%
Operating income	38	52	(25.3)%
EBITDA	114	104	9.6%
EBITDA margin	9.1%	9.8%	(75) pbs
Last-mile fleet (units)	808	749	7.9%
3PL warehouse area (sqm)	607,021	532,389	14.0%
Revenue per sqm	163.99	168.20	(2.5)%
Cost per sqm	112.06	116.34	(3.7)%

The **Mobility of Cargo Segment** generated revenues of Ps. 1,563 million, a 12.9% growth compared to the same period of 2021, mainly due to an increase in volume related to more specialized services, mostly refrigeration and petrochemicals, which typically have higher prices and better profitability. EBITDA totaled Ps. 304 million, a 2.9% reduction compared to 1Q21, driven by revenue growth, and offset by cost increases, especially fuel. The above placed EBITDA margin of the segment at 19.4%, a 317-basis point contraction compared to 1Q21; however, this segment has maintained stable revenue levels during the past quarters, and shows strong demand levels, in line with the company's expectations.

Mobility of Cargo	1Q22	1Q21	Δ
Revenue	1,563	1,384	12.9%
Total costs	1,211	951	27.3%
General expenses <sup>5</sup>	211	257	(17.8)%
Operating income	141	177	(20.5)%
EBITDA	304	313	(2.9)%
EBITDA margin	19.4%	22.6%	(317) bps
Kilometer volume (million)	65.7	64.8	1.2%
Average fleet (units)	2,252	2,182	3.2%
Average revenue per km. (Ps.)	23.61	21.04	12.2%
Average cost per km. (Ps.)	18.35	14.42	27.2%

The **Mobility of Personnel Segment** posted a 9.7% increase compared to 1Q21, which was mainly due to the expansion in operations. It is important to note the comparison basis between quarters; in 1Q21 TRAXIÓN was operating in this segment with high volume from substantial overdemand because of the pandemic, which resulted in additional fleets being leased from third parties to cover the increased demand.

During 1Q22, this segment operated with normalized demand levels. It is important to consider that high demand levels generated by the pandemic normalized progressively throughout 2021, so that a better comparability across quarters should be observed in the following periods during 2022. We continue to see strong demand in this service, and we have been able to handle it through proper planning, considering the disruptions in deliveries of new units, which has turned into a competitive advantage for TRAXIÓN, and which we expect to continue to capitalize on during this year.

Operating income showed a 7.8% increase, mainly due by revenue expansion and offset by an increase in costs, specially fuel; however, there was a reduction in general expenses that drove the margin up by 6.5%, which resulted in the same level compared to 1Q21.

Mobility of Personnel	1Q22	1Q21	Δ
Revenue	1,700	1,550	9.7%
Total costs	1,161	956	21.4%
General expenses	236	307	(23.1)%
Operating income	304	282	7.8%
EBITDA	443	416	6.5%
EBITDA margin	26.1%	26.8%	(78) bps
Kilometer volume (million)	93.8	86.2	8.8%
Average fleet (units)	6,348	5,500	15.4%
Average revenue per km (Ps.)	18.13	17.99	0.8%
Average cost per km. (Ps.)	12.38	11.09	11.6%

Total Costs	1Q22	% Revenue	1Q21	% Revenue	Δ
Fuel	741	16.4%	507	12.7%	46.3%
Labor	663	14.7%	478	12.0%	38.8%
Tolls	200	4.4%	158	4.0%	26.6%
Fleet maintenance	235	5.2%	215	5.4%	9.3%
Facilities, services and utilities	1,287	28.5%	1,198	30.0%	7.4%
Depreciation and amortization	346	7.7%	274	6.9%	26.3%
<b>Total costs</b>	<b>3,472</b>	<b>76.8%</b>	<b>2,830</b>	<b>70.9%</b>	<b>22.7%</b>

<sup>5</sup> Incluyen gastos generales y estimación de cuentas incobrables en los tres segmentos de negocio.

The main variations in costs are explained as follows:

The growth in cost of fuel is explained by a general increase in prices, mainly driven by the increase in prices of oil which, among other things, affected availability of fuel, which resulted in supply and demand disruptions. Likewise, there was a natural delay in the client price increase process, which we expect to execute in the following months.

The increase in labor cost was mainly due to: (i) a strengthening of the labor force in the logistics and technology segment, mainly in the 3PL and last mile solutions, because one of the foundations of this segment is talent; and (ii) the natural expansion in the company's operations, which continues to show constant growth.

Comprehensive Financial Result	1Q22	1Q21
Interest expense	(167)	(144)
Foreign Exchange gain (loss)	(40)	(1)
Effect on financial instruments	2	3
Interest income	8	3
Other	(7)	(11)
<b>Comprehensive Financial Result</b>	<b>(204)</b>	<b>(150)</b>

There was an increase in interest expense due to a hike in interest rates in the period, and an FX loss as a result of the depreciation of the Mexican peso given recent developments in Eastern Europe.

Cash Flows from Operating Activities	1Q22	1Q21	Δ\$	Δ%
Consolidated net income	201	197	4	2.0%
Income taxes	47	120	(73)	(60.8)%
Depreciation and amortization	393	334	59	17.7%
Impairment of accounts receivable and other receivables	7	5	2	40.0%
Interest expense	173	155	18	11.6%
Other financial costs	(9)	(6)	(3)	50.0%
Loss (gain) from equipment sales	6	6	-	-
Foreign exchange loss (gain)	1	(4)	5	(125.0)%
<b>Cash Flow before working capital</b>	<b>819</b>	<b>807</b>	<b>12</b>	<b>1.5%</b>
Working capital	(173)	(257)	84	(31.1)%
<b>Net Cash Flows from Operating Activities</b>	<b>642</b>	<b>550</b>	<b>92</b>	<b>16.7%</b>

CapEx	1Q22				
	Segment	Expansion	Renovation	Total	%
Mobility of cargo		193	74	267	41.0%
Logistics and technology		98	-	98	15.0%
Mobility of personnel		287	-	287	44.0%
<b>Total</b>		<b>577</b>	<b>74</b>	<b>651</b>	

A large percentage of investments in the cargo segment went to refrigerated boxes and specialized trailing equipment.

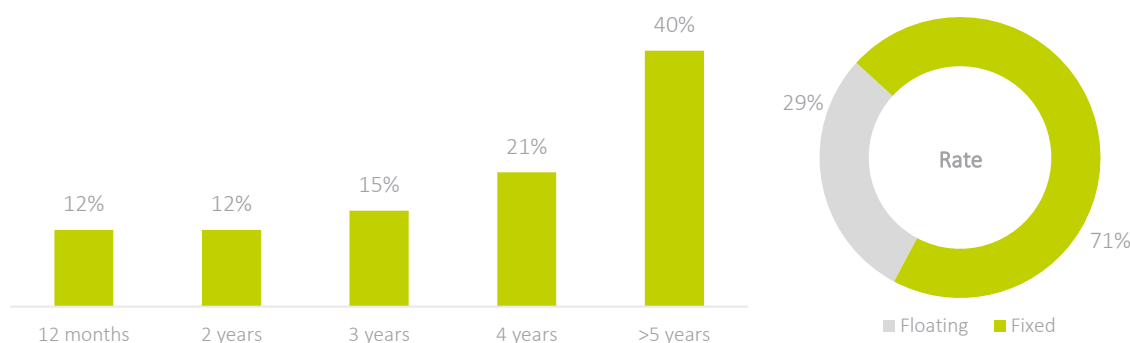
The stockholders' equity was Ps. 11,020 million, a reduction of Ps. 86 million when compared to December 31, 2021, mainly due to the effect of the employees' compensation plan.

## DEBT PROFILE

Debt Breakdown	1Q22	1Q21	Δ\$	Δ%
Short-term debt	725	430	295	68.6%
Short-term capital leases	122	127	(5)	(3.9)%
Long-term debt	6,054	5,400	654	12.1%
Long-term capital leases	298	446	(148)	(33.2)%
<b>Total debt</b>	<b>7,199</b>	<b>6,403</b>	<b>796</b>	<b>12.4%</b>
Cash <sup>6</sup>	1,320	1,690	(370)	(21.9)%
<b>Net debt</b>	<b>5,879</b>	<b>4,713</b>	<b>1,166</b>	<b>24.7%</b>

Leverage Ratios	1Q22
Total Debt / LTM EBITDA <sup>7</sup>	2.09x
Net Debt <sup>8</sup> / LTM EBITDA	1.71x
Total Debt / Equity	0.65x

### Maturity Profile



## ESG – SUSTAINABILITY

We seek to mitigate our environmental impact and our contribution to climate change by offering resource-efficient logistics and transportation solutions. In terms of ESG strategy, TRAXIÓN has started several initiatives during 2020, such as the creation of the TRAXIÓN Foundation, among others. The main metrics that we follow, and are currently the most important, are related to fuel consumption, utilization, and emissions. To achieve our goals:

- We constantly renovate our fleet and conduct thorough maintenance to keep our units in optimal condition.
- We promote the use of state-of-the-art technology in processes, fleet, and warehouses (both for those we own and those we outsource from third parties). This includes the latest telemetry systems, which allow us to monitor fleet fuel consumption and the driving habits of our operators, which have significant direct impacts on our fuel performance.
- We constantly train our operators on fuel-efficient driving, and their compensation is partially directly linked to fuel consumption.
- We work extensively with our suppliers to conduct trials on more eco-friendly engines, technologies, and fuels.

<sup>6</sup> Cash includes cash, cash equivalents, and investments in stocks.

<sup>7</sup> EBITDA last 12 months, based on the definition of debt as determined by the syndicated loan.

<sup>8</sup> Net debt includes the effect of derivative financial instruments.



The implementation of these strategies has resulted in the fleet's continuous fuel efficiency improvement, which directly implies lower carbon dioxide emissions, the main greenhouse gas that contributes to global warming and climate change. In addition, our fleet has the latest engine models, which reduces our overall emissions.

Indicators	Unit	2018	2019	2020	2021	1Q22
Fuel performance <sup>9</sup>	km/l	3.45	3.57	3.70	3.49	3.52
Fuel consumption intensity <sup>11</sup>	l/km	0.29	0.28	0.27	0.29	0.28
Scope emissions intensity (Reach 1) <sup>10</sup>	tCO <sub>2</sub> eq/1,000 km	0.84	0.83	0.80	0.79	0.79

In June, TRAXIÓN released its second integrated report, with financial and non-financial information for 2020. To view the report, please follow the links below:

Complete report: <https://traxion.global/docs/II20.pdf>

Executive summary: [https://traxion.global/docs/II20\\_EJECUTIVO.pdf](https://traxion.global/docs/II20_EJECUTIVO.pdf)

In July, 2022 we will release our third integrated report. We are very pleased to share that, as of 1Q22 TRAXIÓN reports ESG information in Bloomberg ESG.

We aligned our Integrated Report with leading ESG disclosure frameworks and standards: **Sustainability Accounting Standards Board (SASB), Task Force on Climate-related Financial Disclosures (TCFD), and Global Reporting Initiative (GRI)**. We seek to maximize our contribution to the Sustainable Development Goals (SDGs), and we are committed to implementing the 10 Principles of the United Nations Global Compact, which we joined in 2020. We are responding to and disclosing ESG information through two of the leading international reporting platforms: **Standard & Poor's Corporate Sustainability Assessment (S&P-CSA) and the Carbon Disclosure Project (CDP)**.

In the last quarter of 2021, TRAXIÓN obtained the **ISO 37001 "Anti-Corruption Management System" Certification and the ISO 19600 "Tax and Money Laundering Prevention (PLD) Compliance Management System"**, demonstrating its commitment to compliance. We will continue to give updates, maintaining the highest standards and demands required to continue strengthening trust with our customers, partners, investors, suppliers, and employees.

In November, we received a rating for our participation in the **S&P-CSA 2021** questionnaire (2020 report), which allows us to compare the Company's performance on a wide range of ESG criteria relevant to the growing number of sustainability-focused investors, according to the world's most recognized sustainability database of indices (Dow Jones Sustainability Indices). TRAXIÓN obtained a score of 47, which represents a great achievement, increasing 21 percentage points with respect to the previous year's result and positioning us in the 77th percentile of the industry, 19 points above the average. We invite you to learn more about it in the following link:

<https://www.spglobal.com/esg/scores/results?cid=7695969>

The S&P-CSA results allowed TRAXIÓN to be included in the **Dow Jones Sustainability MILA Pacific Alliance Index**, which rates the ESG performance of leading companies in Chile, Colombia, Mexico, and Peru, and provides the investing public with comparable information for the management of sustainable investments in the region. TRAXIÓN is one of only four companies in the transportation sector included in the index and positions us in line with the most recognized and largest companies in Mexico. More information about the index, as well as a list of its members, can be found at:

<https://www.spglobal.com/spdji/en/indices/esg/dow-jones-sustainability-mila-pacific-alliance-index/#overview>

[https://portal.csa.spglobal.com/survey/documents/DJSIComponentsMILA\\_2021.pdf](https://portal.csa.spglobal.com/survey/documents/DJSIComponentsMILA_2021.pdf)

In December, the results of our first participation in the **CDP 2021** questionnaire (2020 report) on Climate Change were published, in which we obtained a grade of "C". This grade is at the Awareness level, which is the same level as the North American regional average, and above the global transportation sector average. CDP is the world's most recognized international environmental disclosure platform, providing relevant information to investors, companies, and governments.

Also in December, together with 29 other Mexican companies, TRAXIÓN celebrated the closing of the first generation of the **United Nations Global Compact's Climate Ambition Accelerator program**, whose purpose is to advance towards the establishment of science-based greenhouse gas

<sup>9</sup> The performance and intensity indicators are based on our diesel consumption, since annually this represents 97-98% of our total energy consumption. Likewise, our efficiency strategies focus on the consumption of this fuel.

<sup>10</sup> Diesel, gasoline and natural gas, based on 2020 calorific powers.

emission reduction targets. In this way, we continue our work to reduce our emissions and contribute to the mitigation of global warming. See more information at the following link:

<https://www.pactomundial.org.mx/30-empresas-mexicanas-concluyen-el-programa-acelerador-de-ambicion-climatica/>

As proof of this, we are pleased to report that during the second quarter of 2021, our cargo segment business units, Auto Express Frontera Norte (AFN), Grupo SID Carga (SUVI)m and Transportadora Egoba, participated in the voluntary **Clean Transportation program of the Ministry of the Environment and Natural Resources (SEMARNAT)**, being awarded the distinctions of "Good Environmental Performance" (AFN) and "Excellent Environmental Performance" (SUVI and Egoba), for having jointly reduced 72,540 tons of carbon dioxide (CO2), equivalent to 15% of TRAXION's total emissions in 2020, as a result of the efficiency strategies and actions implemented in cargo transportation.

## RECENT ACQUISITION

On March 17, TRAXIÓN announced the execution of an agreement to acquire MEDISTIK, one of the most important 4PL companies that provides logistics solutions for medicines and medical accessories, through an asset light approach and with a leading position in a resilient industry. MEDISTIK offers highly specialized services, has a leadership position, and more than 25 years of experience in the sector. The transaction is subject to regulatory approvals, which TRAXIÓN expects to obtain shortly.

<b>Segment</b>	Logistics & technology
<b>Subsegments</b>	4PL and last-mile
<b>Vertical</b>	Pharma
<b>Services</b>	Medicines and medical accessories
<b>Approach</b>	Asset light
<b>Infrastructure</b>	<ul style="list-style-type: none"> <li>▪ +36,000 sqm of specialized warehouse</li> <li>▪ 6 warehouses</li> <li>▪ 10 cross-docks</li> <li>▪ +190,000 deliveries per year</li> <li>▪ Efficiency: 99.9%</li> <li>▪ +50 AAA clients</li> </ul>

The acquisition price was Ps. 1,567 million in cash. For 2022, MEDISTIK forecasted revenues of approximately Ps. 625 million and an EBITDA margin around 35%. Furthermore, TRAXIÓN expects immediate synergies to be realized as MEDISTIK is incorporated with its platform, together with operating, commercial and financial efficiencies that will improve the transaction's profitability. The transaction price could be subject to change at time of closing; however, such a change would not be expected to be material.

With this acquisition, TRAXIÓN integrates the pharma vertical to its 4PL and last-mile logistics services, in addition to retail and e-commerce. MEDISTIK represents an unparalleled value proposal mainly due to its client service focus, state-of-the-art infrastructure, cost optimization model, total product visibility, and comprehensive quality assurance processes.

*"With the integration of MEDISTIK, TRAXIÓN enters the healthcare logistics business through a successful and profitable company, with a sound leadership position, and presents us with a unique growth opportunity within a highly specialized logistics sector. MEDISTIK complies with all our acquisition and integration criteria. It is a key piece for our expansion strategy within the supply chain, with an asset light approach, with many synergies and efficiencies that will contribute to create further long-term value."* – Commented Aby Lijszain, Founder and Executive President of TRAXIÓN.

*"At Tresalia we are very pleased with the sale of MEDISTIK to TRAXIÓN. MEDISTIK's mission is to save and improve lives through the design, implementation and operation of supply chain management solutions that boost our clients' performance. We truly believe that MEDISTIK, under TRAXIÓN's leadership, will move forward with such mission, its successful path, and will continue to provide the best service and care to our clients."* – Commented María Asunción Aramburuzabala, Chairwoman of Tresalia Capital.

## ANALYST COVERAGE

Institution	Analyst	Contact
Actinver	Ramón Ortiz	<a href="mailto:rortiz@actinver.com.mx">rortiz@actinver.com.mx</a>
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## ABOUT TRAXIÓN

TRAXIÓN is the leading transportation and logistics company in Mexico. It offers a one-stop solution through the broadest and most diverse service portfolio in the country. TRAXIÓN's platform operates three main business segments: **mobility of cargo, logistics and technology, and mobility of personnel**. The Company has 7 highly recognized brands for their leadership in different sector niches. TRAXIÓN was founded in 2011 and ended the 1Q22 with an average fleet of 9,408 power units, 607,021 square meters of warehousing space, national reach, more than 1,000 clients, and over 17,400 employees. TRAXIÓN's most important competitive advantages are having an experienced and committed management team, being the only consolidator in a highly fragmented industry, being the only institutional company in a sector dominated by family-owned companies, and having a diversification premium.

### Logistics & Technology

Through this segment, TRAXIÓN provides logistics solutions across the supply chain using digital platforms and technology-driven applications. Among the services rendered are integrated 4PL logistics solutions, 3PL warehouse management, last-mile, courier and delivery services, and cargo brokerage. At the end of 1Q22, it operated more than 607,021 square meters (6.3 million sq. ft.) of 3PL warehouse, and a last-mile fleet of 808 units.

### Mobility of Cargo

This segment provides integrated cargo solutions. Amongst the services rendered are dedicated freight, truckload, less-than-truckload, intermodal, refrigerated freight, petrochemicals and specialized transportation, border transfers, and moving and relocation services. TRAXIÓN operates 6 leading and recognized brands: Transportadora EGOBA, Muebles y Mudanzas MYM, Grupo SID, Auto Express Frontera Norte, and Autotransportes El Bisonte. The Company operates one of the youngest, most modern, and flexible fleets in the industry, with an average age of 4.8 years and a total of 2,252 power units at the end of 1Q22.

### Mobility of Personnel

The mobility of personnel segment provides personnel transportation services to corporations, industrial parks, and hotels, as well as student transportation to schools and universities, and tourism services to groups. Through its subsidiary LIPU, TRAXIÓN operates a centralized platform under dedicated contracts or spot service and the largest and most modern fleet in Mexico composed of an average of 6,348 power units at the end of 1Q22.

## DISCLAIMER

The information disclosed in this press release may contain statements with estimates regarding the future of Grupo Traxión, S.A.B. of C.V. and its subsidiaries (collectively "Traxión" or the "Company"), which are not historical facts and represent the current opinion of the Traxión administration based on the information available to the Company. Such statements are subject to certain risks and factors made based on assumptions. The words "anticipated", "believe", "estimate", "expect", "plan", and other similar expressions, related or not with the Company, seek to give estimates or forecasts. Different factors may cause the results implicit in the statements to be materially different with respect to any future result or event of, or related to, Traxión that may be included expressly or implicitly within said statements. Also, if the assumptions used in the statements turn out to be incorrect, the actual results may vary materially from those described herein as anticipated, believed, estimated or expected. Traxión assumes no obligation to update the statements or information presented within this release.

## FINANCIAL STATEMENTS – BALANCE SHEET Thousand pesos (MXN)

ASSETS	2022	2021	LIABILITIES AND SHAREHOLDERS' EQUITY	2022	2021
<b>Current assets:</b>			<b>Current liabilities:</b>		
Cash & equivalents	1,319,721	1,475,082	Current installment of long-term debt	725,387	566,006
Equity Investment	-	-	Obligations under capital leases	122,292	120,851
Receivables, net	3,377,593	2,916,881	Short-term leasing obligations of IFRS 16	306,974	264,431
Related parties	2,195	2,274	Suppliers	1,784,728	1,361,115
Current tax assets	750,107	754,399	Creditors	178,724	59,129
Other receivables, net	289,125	286,597	Other taxes	472,939	536,112
Inventory, net	119,665	116,697	Provisions	795,377	574,062
Prepayments	244,556	178,757	Income taxes	149,071	126,913
<b>Total current assets</b>	<b>6,102,962</b>	<b>5,730,687</b>	Employee statutory profit sharing	89,845	85,138
			Related parties	132	737
<b>Non-current assets:</b>			Advancements from clients	31,269	42,635
Long-term prepayments	13,379	7,380	<b>Total current liabilities</b>	<b>4,656,738</b>	<b>3,737,129</b>
Transportation equipment and machinery, net	10,020,185	9,293,263			
Assets under right of use, net	1,008,243	1,017,742	<b>Non-current liabilities:</b>		
Permanent investments	3,017	3,017	Long-term bank debt <sup>11</sup>	3,553,359	3,297,273
Goodwill	4,322,892	4,322,892	Long-term debt <sup>11</sup>	2,500,000	2,500,000
Intangibles and other assets, net	1,286,849	1,334,390	Long-term obligations under capital leases <sup>11</sup>	298,382	329,429
Deposits in guarantee	77,246	77,603	Long-term leasing obligations of IFRS 16	206,054	232,963
Derivative financial instruments	67,852	43,761	Derivative financial instruments	-	3,863
Deferred income taxes	172,615	172,386	Employee benefits	98,895	98,370
<b>Total non-current assets</b>	<b>16,972,278</b>	<b>16,272,434</b>	Deferred income taxes	712,710	698,098
			<b>Total non-current liabilities</b>	<b>7,369,400</b>	<b>7,159,996</b>
			<b>Total liabilities</b>	<b>12,026,138</b>	<b>10,897,125</b>
			<b>Shareholders' equity:</b>		
			Equity	7,518,977	7,801,710
			Share subscription	135,944	135,944
			Legal reserve	77,533	77,533
			Actuarial losses	(2,811)	(3,519)
			Gains from financial instruments	54,723	30,633
			Other equity accounts	402,340	402,340
			Retained earnings	2,862,396	2,661,355
			<b>Total shareholders' equity</b>	<b>11,049,102</b>	<b>11,105,996</b>
<b>Total assets</b>	<b>23,075,240</b>	<b>22,003,121</b>	<b>Total liabilities and shareholders' equity</b>	<b>23,075,240</b>	<b>22,003,121</b>

<sup>11</sup> Excluding current installments

FINANCIAL STATEMENTS – INCOME STATEMENT Thousand pesos (MXN)

	<u>1Q22</u>	<u>1Q21</u>	<u>Δ%</u>
<b>Service revenue:</b>			
Cargo	1,563,243	1,383,988	13.0%
Logistics services	1,256,832	1,059,415	18.6%
Personnel	1,700,025	1,549,584	9.7%
<b>Total operating revenue</b>	<b>4,520,100</b>	<b>3,992,987</b>	<b>13.2%</b>
Total costs	3,472,141	2,829,988	
<b>Gross profit</b>	<b>1,047,959</b>	<b>1,162,999</b>	<b>(9.9)%</b>
General expenses	589,898	689,289	
Allowance for doubtful accounts	7,478	5,474	
Other income, net	(1,835)	1,270	
<b>Operating income</b>	<b>452,418</b>	<b>466,966</b>	<b>(3.1)%</b>
<b>Comprehensive financial result:</b>			
Interest expense	(167,341)	(143,973)	
Financial cost of the defined benefit plan	(1,142)	(311)	
Other financial cost	(5,892)	(11,022)	
Foreign exchange loss, net	(40,183)	(741)	
Effect of valuation of financial instruments	2,214	2,805	
Interest income	8,463	3,456	
Comprehensive financial result	(203,881)	(149,786)	
<b>Profit before income taxes</b>	<b>248,537</b>	<b>317,180</b>	<b>(21.6)%</b>
<b>Income taxes:</b>			
Fiscal basis	41,499	93,935	
Deferred	5,997	25,998	
Total income tax	47,496	119,933	
<b>Consolidated net income</b>	<b>201,041</b>	<b>197,247</b>	<b>1.9%</b>

## FINANCIAL STATEMENTS – CASHFLOWS Thousand pesos (MXN)

	<u>1Q22</u>	<u>1Q22</u>
<b>Cash flows from operating activities:</b>		
Consolidated net income	201,041	197,247
Depreciation and amortization	392,620	333,952
Impairment of accounts receivable and other accounts receivable	7,478	5,474
Income taxes	47,496	119,933
Unrealized foreign exchange loss (gain)	1,063	(4,180)
Interest expense, net	164,770	151,539
Loss (profit) on sale of transportation equipment & machinery	5,779	5,741
Others	(1,072)	(2,494)
<b>Cash flow before variations in working capital</b>	<b>819,175</b>	<b>807,212</b>
Receivables	(468,190)	(266,754)
Related-party receivables	79	(9,954)
Other current assets	(56,569)	(53,573)
Creditable taxes	(11,259)	(5,083)
Suppliers	87,764	90,602
Accrued liabilities	346,012	174,873
Accounts payable to related parties	(605)	3,894
Advancements from clients	(11,366)	(21,104)
Income taxes	(63,173)	(169,429)
<b>Net cash flows from operating activities</b>	<b>641,868</b>	<b>550,684</b>
Net cash flows from investing activities		
Acquisition of transportation equipment & machinery	(651,345)	(389,336)
Other assets and liabilities, net	2,781	(6,566)
Other payments to acquire capital or debt instruments of other entities	2,552	-
Interest income	8,463	3,456
<b>Net cash flows from investing activities</b>	<b>(637,549)</b>	<b>(392,446)</b>
Cash flows from financing activities:		
Bank debt payments	(1,789,514)	(2,806,323)
Share repurchases	(282,733)	117,605
Payments of capital leases	(29,605)	(28,904)
Payments of financial instruments	(4,202)	(12,738)
Banking loans	2,256,461	2,784,362
Long-term debt	-	-
Payments of leases	(94,793)	(75,101)
Debt issuance costs	-	-
Interest expense	(214,231)	(189,996)
<b>Net cash flows from financing activities</b>	<b>(158,617)</b>	<b>(211,095)</b>
<b>(Decrease) Increase in cash and equivalents, net</b>	<b>(154,298)</b>	<b>(52,857)</b>
Cash and equivalents at beginning of period	1,475,082	1,597,298
Cash and equivalents at end of period	(1,063)	4,180
<b>Increase in cash and equivalents, net</b>	<b>1,319,721</b>	<b>1,548,621</b>