# WE CONCRETE


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# INTEGRATED REPORT 2022

**A periodic end-of-year report of Cementos Argos S.A.**

**City of Principal Domicile:** Barranquilla
**Address of Principal Domicile:** Carrera 53 #106-280, piso 17, Centro Empresarial Buenavista

ARGOS

# WE CONCRETE

## THE EMPOWERMENT OF A MORE **SUSTAINABLE, THRIVING** AND **INCLUSIVE SOCIETY**

**INTEGRATED REPORT 2022**

| Value Class | Trading System | Stock Markets in which the Values Are Inscribed | Amount of the Emission | Amount Placed | Balance Pending to be Placed |
|---|---|---|---|---|---|
| Ordinary shares | Stock Market | Colombian Stock Exchange | The Authorized Capital is made up of 1,500,000,000 shares with a Par Value of COP 416 each. The Subscribed and Paid Capital is made up of 1,234,054,317 ordinary shares and 209,197,850 preferred shares. The reacquired treasury shares are 63,575,575 as of December 31, 2022. There are 1,379,676,592, outstanding shares, corresponding to 1,170,478,742 ordinary shares and 209,197,850 preferred shares. | | |
| | Stock Market | Santiago Stock Exchange | | | |
| | Over-the-Counter (OTC) Market | New York Stock Exchange – American Depositary Receipts (ADR) Level 1 | | | |
| Preferred shares | Stock Market | Colombian Stock Exchange | | | |
| | Over-the-Counter (OTC) Market | New York Stock Exchange – ADR Level 144* and ADR Level Reg S | | | |

| Value Class | Trading System | Stock Markets in which the Values Are Inscribed | Amount of the Emission | Amount Placed | Balance Pending to be Placed |
|---|---|---|---|---|---|
| Bonds and/or Commercial Papers | Colombian Electronic Market (CEM) and Counter Market | Colombian Stock Exchange | 3,000,000,000,000 | 3,000,000,000,000 | 0 |
| Bonds and/or Commercial Papers | CEM and Counter Market | Colombian Stock Exchange | 2,000,000,000,000 | 750,000,000,000 | 1,250,000,000,000 |

The GRUPO ARGOS Cement Company

ARGOS

# WHO ARE WE?

We are a growing multinational that consolidates its presence in 16 countries and territories with emerging and developed economies. We have been building history for more than 80 years and today we are the number one cement and concrete company in Colombia and one of the most relevant in the sector in the United States, Central America and the Caribbean.

# WHAT DO WE DO?

We create value for society and for the company based on innovative solutions and products and logistics synergies. We lay the foundations for sustainable development and constantly innovate to look to the future with hope. We take on great challenges that allow us to chart new paths, build realities and transcend limits, advancing with concrete, safe steps.

# WHAT MAKES US DIFFERENT?

- We accompany our costumers in the aggregate development of their businesses as an ally for the materialization of dreams and projects with which, together, we build the future and multiply growth opportunities.
- We have the best talent and we are committed to delivering extraordinary solutions to our costumers.
- We promote relationships of trust based on ethics and transparency.
- We are a company committed to creating value.



## OUR PRODUCTS

# CEMENT

Cement is a binding material made up of limestone rock and clay and is the most widely used construction material in the world. Its adherent and resistant properties make it ideal for the construction of all types of works.

# CONCRETE

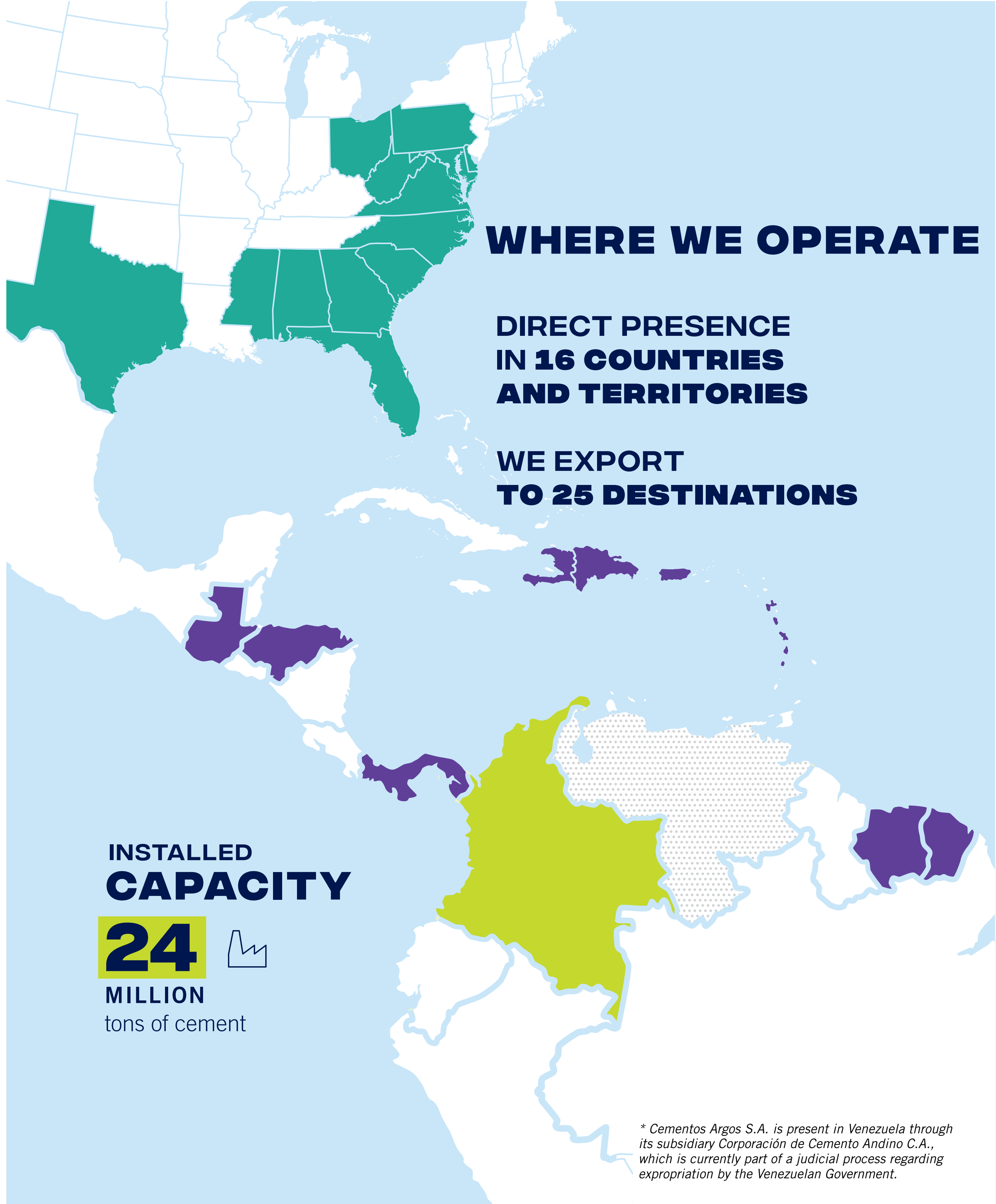
Concrete is a mixture of cement with filler materials, such as aggregates (sand and gravel), water and additives that - when hardened - have the capacity to withstand large compressive stresses.

# AGGREGATES

Aggregates are granular, inert materials, of a natural origin or from a crushing process from rocks. They constitute between 65% and 85% of the total volume of concrete; in addition, they make up approximately 95% of asphalt mixes.

## OUR HIGHER PURPOSE

To make possible **the construction of housing and infrastructure dreams** that enable a more sustainable, thriving and inclusive society.



## WHERE WE OPERATE

DIRECT PRESENCE
**IN 16 COUNTRIES AND TERRITORIES**

WE EXPORT
**TO 25 DESTINATIONS**

INSTALLED
**CAPACITY**

**24**
**MILLION**
tons of cement

* *Cementos Argos S.A. is present in Venezuela through its subsidiary Corporación de Cemento Andino C.A., which is currently part of a judicial process regarding expropriation by the Venezuelan Government.*

## ASSETS

**11** cement plants

**197** concrete plants

**7** aggregate plants

**9** clinker grinders

**29** ports and terminals

**1,669** mixer trucks

**4** ships under the modality of Time Charter

**+1,500** train freight cars

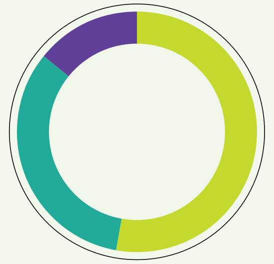
## 2022 ECONOMIC RESULTS

**16.2 MILLION** tons of cement dispatched

**7.5 MILLION** M³ of concrete dispatched

**COP 2.1 TRILLION** in operating EBITDA

## TALENT



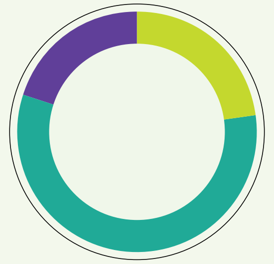
| | |
|---|---|
| Colombia | 53% |
| USA | 33% |
| CCA | 14% |

**6,937** employees

**85%** Men

**15%** Women

## INCOME
**BY REGIONAL**



| | |
|---|---|
| Colombia | 23% |
| USA | 57% |
| CCA | 20% |

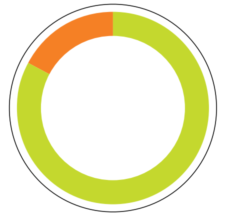
## COLOMBIA REGIONAL

**6** cement plants

**50** concrete plants

**1** port

**5** aggregate plants



| | |
|---|---|
| Men | 83% |
| Women | 17% |

**3,714** employees

**3,098** Men

**616** Women

## CENTRAL AMERICA AND THE CARIBBEAN REGIONAL

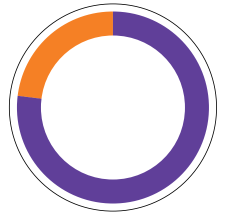
**1** cement plant

**7** concrete plants

**7** clinker grinders

**10** ports and terminals

**2** aggregate plants



| | |
|---|---|
| Men | 77% |
| Women | 23% |

**957** employees

**738** Men

**219** Women

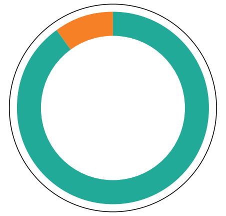
## USA REGIONAL

**4** cement plants

**140** concrete plants

**18** ports and terminals

**2** clinker grinders



| | |
|---|---|
| Men | 90% |
| Women | 10% |

**2,266** employees

**2,046** Men

**220** Women

## OUTSTANDING ACHIEVEMENTS

We deliver to society

**3.75**

**TIMES** the benefit that we retained as a company.
**USD 763.4 M** is the net worth added to society.

The value of the benefit retained was

**USD 203.6 M**

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

**S&P Global** highlights us in its Yearbook within 5% of the most sustainable companies in the world.

# CONTENT

WE CON

NCRETE

# 03

## SPOTLIGHTS OF ACTION

## CLEAR GOALS



# 04

## EXTRAORDINARY SOLUTIONS

## ANNEXES

Conveyor Belt, the Dominican Republic

# ABOUT THIS REPORT

For the eleventh consecutive year, we present our Integrated Report, which aims to provide a holistic analysis of the Strategic Vision, performance in social, environmental and economic issues and corporate governance (ESG), governance and the creation of company value in 2022.

The materiality analysis carried out during that year allowed us to identify and update topics that are important and which represent risks and opportunities for the organization; these are the ones that structure the content and data of this report. (See Materiality Analysis, page 61).

We hope that this Report **continues to promote dialogue and connection** between the company and its stakeholders.

## GUIDES AND STANDARDS USED

**Standards:**

**Sustainability Accounting Standards Board (SASB):** For the construction materials industry. (See Index of Contents **HERE**).

**Global Reporting Initiative (GRI):** Regarding the general basic contents. (See Index of Contents in the Annexes)

**Guides:**

Global Cement and Concrete Association (GCCA)

Carbon Disclosure Project (CDP)

Task Force on Climate-Related Financial Disclosure (TCFD)

United Nations - Sustainable Development Goals (SDGs)

## SCOPE OF THE DATA REPORTED

This includes activities of the Companies, the figures of which are consolidated in the Financial Statements of the cement, concrete and aggregates businesses of the Colombia, the United States, and Central America and the Caribbean Regionals, except where otherwise indicated.

## AVERAGE MOVING RATE

**COP 4,257.12**

unless indicated to the contrary in the specific section.

## CURRENCY OF THE FIGURES REPORTED

Colombian pesos (COP), for the figures associated with the operations of the Colombia Regional and Corporate Results, and US dollars (USD), in the case of the results of operations in the United States, and Central America and the Caribbean

An employee in Panama

## EXTERNAL VERIFICATION

BDO conducted the independent review of this Report, and the corresponding verification report is found in the Annexes to this document. (See page 338).

## GLOSSARY

Terms used in this Report, which – due to the specialty – require a definition. (See page 335).

## Contact

For more information about our report, you can contact María Isabel Echeverri, Vice President of Corporate Affairs, at **mecheverri@argos.com.co**, or María Isabel Cárdenas, ESG Director, at **mcardenasb@argos.com.co.**

More Argos stories, bonus content and policies are available on the company's website and social media, among other platforms. This provides a broad view of our efforts to create value for the company and for society. Therefore, we invite you to visit:

- argos.co/sostenibilidad/
- @Cementos_Argos
- @Cementos_Argos
- Cementos Argos
- @Argosluszverde

# A LETTER FROM THE CHAIRMAN OF THE BOARD OF DIRECTORS

Jorge Mario Velásquez

**Dear shareholders:**

Thanks to the confidence with which they have driven the growth of Cementos Argos, we have built together, for almost 90 years, a wonderful company that went from being a local cement company to a multinational that proudly carries the Colombian flag to its operations in 16 countries of the American continent and with export products that reach more than 25 destinations.

During the year, we continued to focus all the company's efforts on consolidating initiatives aimed at achieving a better return on investment, consistent with our strategic thesis of generating value. Thanks to the extraordinary talent of our nearly 7,000 employees, the power of our commercial offer in all markets and our commitment to efficiency and innovation, we have achieved important milestones.

In 2022, we obtained the highest operating EBITDA in the company's history; likewise, we recorded significant revenue growth amid inflationary phenomena and significant disruptions in the global supply chain. We achieved the lowest debt indicator in the last nine years; we increased dividends paid by close to 35% and made progress in structuring mechanisms to ensure a better distribution of capital.

Among the strategic initiatives, we highlight the advances aimed at listing Argos' assets in the United States on the New York Stock Exchange, once market conditions allow it. In addition, we are promoting the structuring of additional mechanisms to increase the transfer of value to our shareholders, such as the Share Repurchase Program that we recently announced and which will be put to the consideration of the Shareholders' Assembly.

The company's commitment to generate value is inspired by a transcendent business action that understands that economic value is only possible when balanced with collective well-being and care for the environment. This way of acting was recognized by the Dow Jones Sustainability Index, which - for the tenth consecutive year - exalted Cementos Argos as one of the leaders in the construction materials industry, thanks to the highest standards in economic, environmental, and social practices and corporate governance with which the Grupo Empresarial Argos works. In the same way, Standard & Poor's included the


Mixer trucks; the United States

cement company in its Sustainability Yearbook, among the 5% of the best performing companies in the world.

In terms of social entrepreneurship, we continue to advance in the Casa para Mí (A Home for Me) model, with which we contribute to reducing the quantitative deficit of rural and urban housing in various regions of the country. Also noteworthy is the creation of an alternative of concrete modular solutions with which construction times are reduced by up to 50%, an especially important capacity for the development of housing projects at a rural level. Additionally, Cementos Argos continues to advance as a highly relevant promoter at the national level in the Obras por Impuestos (Works for Taxes) mechanism, contributing its experience and capacity for structuring and executing projects, and participating, in 2022, in 11 initiatives that involve investments of more than COP 125 billion. Finally, I would like to particularly highlight the scaling up of the Healthy Homes (Hogares Saludables) Program, aimed at reducing the qualitative housing deficit, which has benefited more than 6,300 people.

Four strategic pillars will guide the management of Cementos Argos in the coming years:
1) Closing the gap between the share price and the value in the stock market; 2) Accelerating the transition towards carbon neutrality as a business opportunity; 3) Innovating in solutions that promote the competitiveness of our costumers; and 4) Using technology to build high-value relationships with stakeholders.

With our eyes set on these objectives, we aspire to generate the greatest value for you, our shareholders, as well as for our costumers, communities and other stakeholders, fully motivated by the higher purpose of making possible the construction of housing and infraestructure dreams that enable a more sustainable, thriving and inclusive society.

Jorge Mario Velásquez
**Chairman of the Board of Directors**

# CORPORATE GOVERNANCE

At Argos, we actively work to strengthen good governance practices to ensure that the relationship with our stakeholders has the generation of sustainable value as a fundamental premise. We have a government scheme that evolves day by day according to the standards and good practices in this area in accordance with the reality of the shareholding structure and context, consolidating it as a tool that enables the implementation of the organizational strategy and the generation of value.

In this manner, our corporate governance model includes all the government instances in the company, which clearly and precisely defines the functions and responsibilities of the administration bodies from a structure that includes:

Employees at the Yumbo Plant, Colombia

**General Shareholders' Assembly**

↓

**Board of Directors** → **CEO** → **Steering Committee** → **Employees**

↓

**Board of Directors Committees**

- Audit, Finance and Risk Committee
- Sustainability and Corporate Governance Committee
- Appointment and Remuneration Committee

Our self-regulation framework contains transparent administration mechanisms with shareholders, the market and society in general. Likewise, through its permanent updating, it gives clarity regarding the duties and responsibilities of our administration bodies, which enables compliance. **This framework integrates:**

- Corporate By-laws
- Corporate Governance Code
- Code of Business Conduct
- Policy for the Appointment, Remuneration and Succession of the Board of Directors
- Operations Policy between Related Societies
- Relationship Policy between Related Parties

# RELEVANT EVENTS 2022

## Plan to Implement Decree 151 of 2021

We permanently seek to update our corporate governance system and to comply with the provisions of Decree 151 of 2021 and External Circular 012 of 2022 on the disclosure of periodic information and information relevant by companies issuing securities, which will come into force in 2023. A work plan was carried out with a description of activities to guarantee the proper implementation of the instructions issued by the Financial Superintendency of Colombia.

Regarding the new relevant information regime applicable as of February 10, 2023, work was carried out to define materiality for the events described in the law in accordance with the impact that these events would generate on the company's financial situation and a training plan was advanced for the areas related to information reporting.

## Comprehensive Reform of the By-laws

In the extraordinary session held on February 22 and the ordinary session held on March 18 2022, the shareholders' Assembly approved amendments to the By-laws, the objective of which was to unify the criteria that the company has adopted in terms of corporate governance, to update the statutory provisions in accordance with the company's reality and current commercial and stock market legal provisions.

## Processing of Potential Conflicts of Interest by Some Directors

In compliance with the provisions of Law 222 of 1995 and Decree 1925 of 2009 and applying the company's corporate governance rules, the shareholders Assembly processed the potential conflicts of interest reported by directors Jorge Mario Velásquez, Rafael Olivella and Alejandro Piedrahíta, who – in compliance with their legal duties - stated circumstances that gave rise to potential conflicts of interest to deliberate and decide as members of the Board of Directors regarding the decision to accept or reject the takeover bids made by JGDB Holding S.A.S. on the shares of Grupo de Inversiones Suramericana S.A.

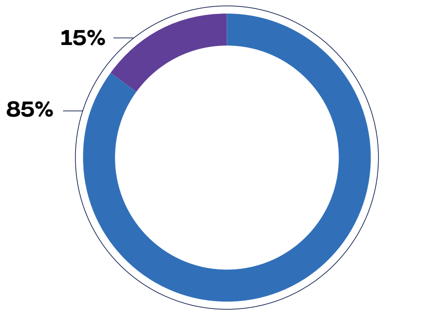
- The Código País (Country Code) survey related to Good Governance Practices and guidelines adopted by the companie was filled out and revealed to the market.
- The Board of Directors approved the regulation of the Right of Inspection through which guidelines are established so that shareholders can exercise the right of inspection in an orderly, safe and efficient manner, in compliance with the applicable legal, regulatory and statutory standards.
- The Directors received training on cybersecurity, as this is considered a strategic risk for the company, as well as on the stock market and construction materials and Initial Public Offers (IPOs) in the United States.

# OWNERSHIP STRUCTURE

## Cementos Argos Authorized, Subscribed and Paid Capital at the Close of 2022

| | |
|---|---|
| **Authorized Capital** | **COP 624,000,000,000** represented in 1,500,000,000 shares, with a nominal value of COP 416.00 each. |
| **Subscribed and Paid Capital** | **COP 600,392,901,472** represented in 1,443,252,167 shares, with a nominal value of COP 416.00 each. |

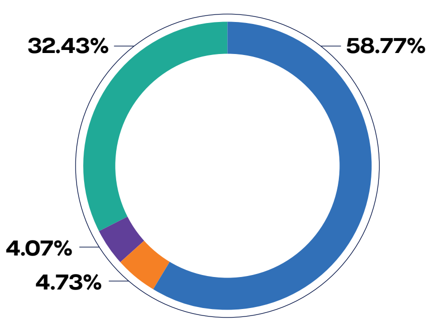
## Classes of Shares




| | |
|---|---|
| Outstanding ordinary shares: | 1,170,478,742 |
| Shareholders | 13,282 |
| Outstanding preferred shares: | 209,197,850 |
| Shareholders | 8,271 |

## Principal Shareholders

Owners of company ordinary shares as of December 31, 2022:




| | |
|---|---|
| Grupo Argos S. A. | 687,885,624 |
| Protección Moderate Obligatory Pension Fund | 55,477,472 |
| Porvenir Moderate Obligatory Pension Fund | 47,586,314 |
| Other Shareholders | 379,529,332 |

Check here the main shareholders of the company by share class.

## Ownership of Shares by Directors and Management

The following Directors own company ordinary shares:

| | | |
|---|---|---|
| León Teicher | 31,487 | 0.0022% |
| Carlos Gustavo Arrieta | 12,000 | 0.0008% |
| Esteban Piedrahíta | 9,500 | 0.0006% |
| Cecilia Rodríguez | 7,860 | 0.0005% |

In 2022, León Teicher and Carlos Gustavo Arrieta acquired 7,000 and 6,000 company ordinary shares, respectively, upon authorization from the Board of Directors for their negotiation; this approval was published to the market in the corresponding period.

Senior management did not carry out negotiations with company shares during the period.

The guidelines for trading Argos shares by directors, administrators and employees are regulated in our Corporate Governance Code. Consult it here.

## Treasury Shares Held by the Company

We have 63,575,575 repurchased shares.
During 2022, no reacquisition of shares was carried out.

## Shareholder Agreements

There are no shareholder agreements on file in the Company's General Secretariat.

## Relations between Significant Shareholders and the Company

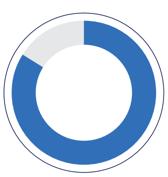
The operations we carry out with our parent company Grupo Argos S.A. are reported in the Special Report of Grupo Empresarial Argos under the terms of Article 29 of Law 222 of 1995. With the other significant shareholders (understood as those with a shareholding greater than 5%), in 2022 we had no material commercial or contractual relations nor did we carry out operations outside the ordinary course of business with our related parties.

# THE SHAREHOLDERS' ASSEMBLY

This is the company's highest corporate body and is made up of all the holders of ordinary shares of the company. Shareholders have the following rights: To receive fair and equitable treatment, to fully and timely access relevant information, to participate in decisions that may affect them, to evaluate the company's management, and to formulate proposals for its better performance. The shareholders' Assembly meets regularly every year; this session is one of the main ways to present the organization's management and strengthen the relationship between Argos and its shareholders.

Consult the rights of the Shareholders' Assembly.

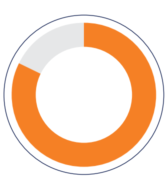
## Data on Shareholders' Assembly attendance



Quorum

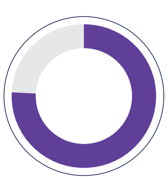
Extraordinary Assembly
January 4, 2022 **83.91%**

Number of ordinary shares registered
**982,110,744**



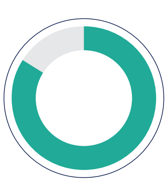
Extraordinary Assembly
February 19, 2022 **82.42%**

Number of ordinary shares registered
**964,713,611**



Extraordinary Assembly
February 22, 2022 **75.89%**

Number of ordinary shares registered
**888,276,597**



Extraordinary Assembly
March 18, 2022 **84.13%**

Number of ordinary shares registered
**984,773,635**

## Principal Decisions of the Shareholders' Assembly:

- The comprehensive reform of the By-laws approved at the Ordinary Assembly, held on March 18, 2022.
- The distribution of profits for the 2021 period.
- Election and fees of the Board of Directors for the period 2022 – 2023.
- Election and fees of the statutary auditor for the period 2022 - 2023.
- In accordance with the proposals presented by the Administration, the shareholders' Assembly decided, in the extraordinary meetings, not to authorize Jorge Mario Velásquez, Rafael Olivella and Alejandro Piedrahíta to deliberate and decide regarding the public offers of acquisition (OPA in spanish) on the ordinary shares of Grupo de Inversiones Suramericana S.A., due to the potential conflict of interest declared by the Directors.

The information related to the dividends approved by the General Shareholders' Assembly can be consulted here.

## Operation in Relation to the Legal Regime and Measures Adopted during the Year to Encourage Shareholder Participation

During 2022, Argos continued to promote the implementation of practices that seek to guarantee its shareholders the exercise of their rights, which are contemplated in the law, the Corporate By-laws and the Corporate Governance Code. Some of these practices include:

- During the period of the summons, shareholders were able to consult the Assembly documents on the company's website and in the company's administration.
- Likewise, the information that must be contained in the proposal of candidates to integrate the Board of Directors was made available to shareholders.

- Proposals to amend the By-laws were published with due anticipation, allowing shareholders to know in detail the proposed changes and their due justification.
- In no case were items such as “miscellaneous” or “other matters” or similar items included in the summons that prevent previously knowing exactly all the topics to be discussed.
- When it is intended that the Assembly deal with a substantial change in the corporate purpose, a waiver of the right of preference in the subscription of ordinary shares, a change of the corporate domicile, the early dissolution or segregation of the company, these issues must be expressly indicated in the summons.
- A proxy form was provided to shareholders who wished to be represented. This included the points to be discussed on the agenda.
- Conference calls were held for shareholders, analysts and the general public to present the company's quarterly results.
- Argos guaranteed fair treatment to all its shareholders, allowing and encouraging the exercise of their rights.

# THE ADMINISTRATION SCHEME

## The Board of Directors

Our Board of Directors is the body in which the General Shareholders' Assembly, delegates the company's orientation, conferring within its functions the permanent review of the strategy, the adoption of the company's policies in economic, social and environmental matters, the formulation of actions in terms of sustainability, monitoring of strategic risks, monitoring of the internal control system, among others.

Consult here the regulation of operation of the assembly.

## Composition of the Board of Directors

- The Board of Directors is made up of seven principal members, without alternates.
- Four of the seven directors meet the independence criteria indicated in our Corporate Governance Code.
- At the 2022 Ordinary Shareholder's meeting, all directors were re-elected.
- The Board of Directors is elected annually by the shareholders' assembly.
- No Argos employee is a member of the company's Board of Directors.
- No member of the Board of Directors of our parent company Grupo Argos S.A. is not part of the Board of Directors of Argos nor do they hold management positions in the company. Jorge Mario Velásquez, Rafael Olivella and Alejandro Piedrahíta, members of the Argos Board of Directors, are President, Vice President of Corporate Affairs and Vice President of Corporate Finance of Grupo Argos S.A., respectively.
- In order to be elected and remain in office, Directors may not be in any of the circumstances of incompatibility or incapacity established in the Code of Good Governance.
- The criteria for the election of the Board of Directors include personal qualities, relevant knowledge for the company's activity, basic skills that allow them to perform the proper performance of their functions, such as analytical and managerial skills, strategic business vision, diversity, experience in sustainability, in business management and previous participation in other Boards of Directors.

The appointment of the Argos Board of Directors is regulated in the Corporate By-laws, the Corporate Governance Code and the Policy for the Appointment, Remuneration and Succession of the Board of Directors. Learn more here.

## Support Committees of the Board of Directors

The Board of Directors has three committees to support its work, made up exclusively of its members. Their principal activities during the period were:

### SUSTAINABILITY AND CORPORATE GOVERNANCE COMMITTEE

This Committee recommends systems to the Board of Directors for the adoption, monitoring and improvement of sustainability, ethics, business behavior and corporate governance practices in the company.

**Activities to Highlight**

- Review the indicators and occupational health and safety strategies.
- Analyze the results of the Corporate Sustainability Assessment (CSA), an evaluation carried out by the Standard and Poor's risk rating of the S&P firm.
- Monitor the climate change strategy and the roadmap to reach our carbon-neutrality goal in the production of concrete by 2050.
- Review the proposal to modify the By-laws and the regulations for the Right of Inspection.
- Monitor performance in terms of sustainability, corporate governance, ethics and compliance.

**Meeting Frequency**
Five sessions

### APPOINTMENT AND REMUNERATION COMMITTEE

This committee determine the policies and norms for the hiring, compensation and development of the members of the Board of Directors and senior management. It also continually monitors the goals of the different compensation programs in relation to the performance of the officials.

**Activities to Highlight**

- Define goals and review the results of the PRO variable remuneration system.
- Evaluate candidates for company leadership. In the case of the United States Regional and the process of succession of the CEO of this country in 2022, this process was supported by Korn Ferry.
- Evaluate the organizational structure for Argos USA for the listing project and new structure for the other regionals.

**Meeting Frequency**
Five sessions

### AUDIT, FINANCE AND RISK COMMITTEE

This committee evaluates the accounting procedures, the management of the relationship with the statutory auditor and the supervision of the effectiveness of the control architecture and the comprehensive risk management system (SGIR, in Spanish).

**Activities to Highlight**

- Review the Information and financial results and monitor the company's strategic risks and the assurance scheme.
- Monitor the annual internal audit plan and the statutory auditor, as well as the implementation of the action plans defined to reinforce internal control.
- Monitor the competition compliance program in Argos USA and the internal audit and statutory auditor report.

**Meeting Frequency**
Four sessions

Additionally, the Board of Directors has a temporary committee, integrated by Jorge Mario Velásquez, Alejandro Piedrahíta, León Teicher and Carlos Gustavo Arrieta, which was constituted to supervise certain aspects of the listing project in the United States. The members act as Administration Advisors to ensure that the Board's decisions are executed in relation to the project. The recommendations handed down by this committee are not mandatory for the Administration or for the Board of Directors and the final decisions on the Project are the exclusive power of the company's Board of Directors.

## Composition of the Board of Directors

The Board of Directors is composed of a diverse team that has the personal qualities, knowledge and experience to adequately direct the organization.

| | **JORGE MARIO VELÁSQUEZ**<br>Grupo Argos S.A.<br>CEO | **RAFAEL OLIVELLA**<br>Grupo Argos S.A.<br>VP of Corporate Affairs | **ALEJANDRO PIEDRAHÍTA**<br>Grupo Argos S.A.<br>VP of Corporate Finances |
|---|---|---|---|
| | Patrimonial<br>Appointment 2016 | Patrimonial<br>Appointment 2020 | Patrimonial<br>Appointment 2018 |
| **Committee to which They Belong** | | | |
| **Attendance at Committees** | 5/5 | 2/5, 5/5 | 2/4 |
| **Attendance at Boards** | 10/11* | 10/11 | 11/11 |
| **Participation in Boards of Other Companies** | *Celsia S.A.*<br>*Odinsa S.A.*<br>Argos North America Corp.* | *Celsia S.A.*<br>*Odinsa S.A.** | *Odinsa S.A.*<br>*Pactia S.A.*<br>*Celsia S.A.*<br>*Aceros Mapa S.A.S.** |
| **Experience** | Strategy<br>Corporate Finances<br>Commercial Affairs<br>Construction Materials<br>Industry – Infrastructure<br>Crisis Management<br>Sustainability<br>Government / Public Policy | Risks<br>Strategy<br>Internal Control<br>Construction Materials<br>Industry – Infrastructure<br>Crisis Management<br>Legal Affairs<br>Sustainability<br>Government / Public Policy | Strategy<br>Risks<br>Internal Control<br>Corporate Finances<br>Commercial Affairs<br>Construction Materials<br>Industry – Infrastructure<br>Crisis Management<br>Government / Public Policy |

**COMMITTEES**

Appointments & Remuneration Committee

Sustainability and Corporate Governance Committee

Audit, Finance and Risk Committee

** To calculate the attendance of the Patrimonial Directors, the six sessions of the Board of Directors in which they expressed their decision not to participate due to previously declared conflicts of interest were not considered.*
** The information corresponds to participation in Boards of Directors of corporations.*

The resumes of the Directors can be consulted here.

| | | | |
|---|---|---|---|
| **CECILIA RODRÍGUEZ**<br>CEO *Corporación Bioparque* | **CARLOS GUSTAVO ARRIETA**<br>Partner, *Arrieta y Mantilla Asociados* | **ESTEBAN PIEDRAHÍTA**<br>President of *Universidad Icesi* | **LEÓN TEICHER**<br>Independent Consultant |
| Independent<br>Appointment 2012 | Independent<br>Appointment 2012 | Independent<br>Appointment 2012 | Independent<br>Appointment 2012 |
| 4/4, 5/5 | 4/4 | 5/5 | 5/5 |
| 11/11 | 11/11 | 11/11 | 11/11 |
| *Bioparque Proyectos S.A.S.** | *IcoMedios S.A.S.*<br>*AMYA Inversiones S.A.** | *Ecopetrol S.A.*<br>*Seguros Comerciales Bolívar S.A.*<br>*Compañía Seguros Bolívar S.A.** | *Seissa S.A.*<br>*DonDoctor S.A.S.* |
| Construction Materials<br>Industry - Infrastructure<br>Crisis Management<br>Sustainability<br>Government / Public Policy<br>International | International<br>Government / Public Policy<br>Sustainability<br>Crisis Management<br>Legal Affairs<br>Risks<br>Construction Materials<br>Industry – Infrastructure | Risks<br>Strategy<br>Internal Control<br>Corporate Finances<br>Commercial Affairs<br>Construction Materials<br>Industry – Infrastructure<br>Crisis Management<br>Sostenibilidad<br>Sustainability<br>Government / Public Policy | Risks<br>Internal Control<br>Corporate Finances<br>Commercial Affairs<br>Construction Materials<br>Industry – Infrastructure<br>Crisis Management<br>Sustainability<br>Government / Public Policy |

**COMMITTEES**

Appointments & Remuneration Committee

Sustainability and Corporate Governance Committee

Audit, Finance and Risk Committee

## Board of Directors Management

Among the main issues discussed by the Board of Directors in 2022 were:

- Mechanisms to close the gap existing between the organization's fundamental value and the value of the shares; to do this, the Board of Directors evaluated different alternatives that allowed the generation of value for shareholders.
- Listing in the New York Stock Exchange of assets in the United States.
- Analysis of the sale of Grupo de Inversiones Suramericana shares in the framework of the different public offers of acquisition (OPAs).
- Reports of the Board of Directors' support committees, as well as the temporary committee, constituted to monitor the listing project in the United States.
- Monitoring of strategy and corporate initiatives.
- Monitoring of the performance, financial results, legal matters, cybersecurity, risks, sustainability, environmental strategy and mitigation of climate change, occupational health and safety of each regional.

Likewise, the Board of Directors approved the Occupational Health and Safety Policy (SISO, in Spanish) and the update to the Global Government and Compliance Program.

In 2022, making use of technological tools and internal legal and political provisions, this governing body complied with the previously established meeting schedule. Also, it held extraordinary meetings, which were summoned in accordance with the provisions of the By-laws.

**16** SESSIONS OF THE BOARD

**Sessions of each committee held during the year:**

Audit, Finance and Risk Committee: **4**

Sustainability and Corporate Governance Committee: **5**

Appointment and Remuneration Committee: **5**

## The Chairman of the Board of Directors

The Chairman of the Board of Directors is Jorge Mario Velásquez, who is in charge of the following functions, among others: (i) Facilitating the Board of Directors to set and efficiently implement the company's strategic direction; (ii) Coordinating and planning the operation of the Board of Directors by establishing an annual work plan; (iii) Summoning the meetings, directly or through the secretary of the Board of Directors; (iv) Chairing the meetings and managing the debates; and (v) Monitoring the active participation of the members of the Board of Directors.

## The Secretary of the Board of Directors

The company's general secretary is Maria Isabel Echeverri, who is in charge of, among other duties, the following functions: (i) Delivering the information to the Directors in a timely manner; (ii) Duly reflecting in the minutes books the development of the sessions; (iii) Ensuring that the actions of the Board of Directors comply with the applicable regulations; (iv) Providing legal advice to the Board of Directors; and (v) Communicating the decisions of the Board of Directors to the different areas and officials of Argos.

## External Advice Received by the Board of Directors

In order for the Directors to adequately comply with their duty of due diligence in making the decision regarding the public offers of acquisition (OPAs) formulated JGDB Holding S.A.S. for the shares of Grupo de Inversiones Suramericana S.A., the Board of Directors had the support and financial and strategic advice of J.P Morgan. Likewise, the Board of Directors had the analysis and support of independent and specialized legal advisors.

## Relations of the Board of Directors with the Statutory Auditor, Financial Analysts, Investment Banks and Rating Agencies

During 2022, the representative of the Statutory Auditor attended all sessions of the Company's Audit, Finance and Risk Committee as a guest. Through this committee, the Board of Directors learned about the reports and progress of its work plan.

On the other hand, the Board of Directors learned, from financial advisors, the analysis of the stock market in the United States. This, for the listing process of Argos USA. Additionally, through the report presented by the Sustainability and Corporate Governance Committee, the Board of Directors learned about the Corporate Sustainability Assessment (CSA), an evaluation carried out by the Standard and Poor's (S&P) risk rating agency and in which the company obtained a total score of 86, reaching the third best score among the companies evaluated so far in the construction materials industry.

## Remuneration Schemes for the Board of Directors, Senior Management and the Statutory Auditor

In compliance with the Board of Directors Appointment, Remuneration and Succession Policy, the Directors' fees are defined annually by the General Shareholders' Assembly, in accordance with the structure, responsibilities and obligations of the Board of Directors.

In the Assembly of March 18, 2022, the fees of the Board of Directors were established for the period between April 2022 and March 2023, defining these in the sum of COP 7,500,000 per month and COP 7,500,000 per month for the members of the Board Committees. The Directors Jorge Mario Velásquez, Alejandro Piedrahíta and Rafael Olivella, being linked to Grupo Argos, did not receive fees for their participation in the Board Committees in accordance with what was approved by the Shareholders' Assembly.

Additionally, the Shareholders' Assembly approved paying COP 7,500,000 for fees for the independent members designated for the temporary committees that were created for the analysis of projects or special issues. León Teicher and Carlos Gustavo Arrieta are part of the committee formed for the listing project in the United States.

In relation to the remuneration schemes for senior management, Argos has adopted the highest market standards to ensure the attraction and retention of the best talent with the skills, competencies and leadership necessary to develop the strategy, achieve superior results and build sustainable long-term value.

The compensation philosophy considers the principles of internal equity, external competitiveness and business sustainability. These fundamentals are seen through all elements of compensation, evaluated in light of best practices, including the HAY Valuation Methodology that carefully analyzes each position in terms of knowledge, level of responsibility and problem solving, and, thus, internal and external comparison criteria are generated.

The variable compensation of senior management is based on performance, in order to motivate superior results and for this, a high correlation between the rewards and the company performance is ensured and, in this way, the alignment with the interests of the shareholders.

The Premium for Organizational Results (PRO, in Spanish) stands out; it is an essential component of variable compensation, which represents between 30% and 40% of the total compensation of senior management. The program is made up of a long-term and a short-term system, where indicators that leverage the organizational strategy and objectives are evaluated, considering financial and non-financial aspects, such as external perception, operations, environmental management, and occupational health and safety management, among others.

Additionally, and in accordance with the By-laws, the Shareholders' Assembly has the duty to allocate the remuneration of the Statutary Auditor, which was established for the period between April 2022 - March 2023, an annual allocation of COP 1,053,966,000 plus VAT, payable in four installments.

## Board of Directors Evaluation

In line with best practices, as a body the Board of Directors carried out its performance evaluation to monitor its operation and obtain information about the perception of each of the members regarding knowledge, dynamics and contribution of the Board of Directors and Its members.

The evaluations alternate between internal and external exercises. For the 2022 exercise, there will be a self-evaluation in 2023 and its results will be evaluated by the committee of Good Governance and by the Board of Directors and will be taken into consideration for the permanent dynamics of improvement of the management body.

In 2022, the Board of Directors' self-assessment process was concluded in relation to 2021. The results of this year were positive, highlighting the qualifications granted against the supply of information by the administration, the functions of the support committees and the role of the CEO.

Consult the results of the Board of Directors self-assessment in 2021

## Board of Directors Training

Directors received training on cybersecurity, as this issue is considered a strategic risk for the company, the share market, the construction materials and IPOs sector in the United States.

## Relationship among Related Parties

Transactions between companies related to Grupo Empresarial Argos are regulated in the Corporate By-laws and in the Transactions Policy between Related Companies.

Pursuant to these guidelines, operations entered between companies that are part of different businesses of Grupo Empresarial Argos will be considered material when they are not within the ordinary business of each company; they must be carried out under conditions other than market conditions; give rise to publishing relevant information or requiring authorization from the Board of Directors according to the By-laws.

When they intend to carry out operations between different businesses of the Grupo Empresarial Argos, the respective companies must present them to the strategic committee of each business, to analyze whether they are material operations.

If they are material operations or there is any doubt in this regard, the CEO of each company must consult with its Audit, Finance and Risk Committee. If the Committee classifies the operations as material, it will prepare a report addressed to the respective Board of Directors, who will analyze the report and decide on the approval of the material operations submitted for its consideration.

If these are not material operations, each company will proceed to negotiate, enter into and execute them in accordance with its applicable internal regulations.

The details of the operations carried out between the related companies can be found in the Special Report made by virtue of Article 29 of Law 222 of 1995, which is part of the information that is made available to the shareholders prior to the holding of the meeting of the Ordinary Shareholders' Assembly. In 2022 we did not carry out material operations between related companies.

## Conflicts of Interest

Directors must reveal the potential conflicts in which they may be immersed during the sessions of the Board of Directors and in which they identify some conflict against the issues to be addressed through the Annual Declaration of Potential Sources of Conflicts of Interest. In case they exist and may affect their independence or objectivity, the necessary measures are established for their correct administration, as established in the Corporate Governance Code and the Code of Business Conduct.

The potential conflicts declared by the Directors for the period corresponded to their participation in the Board of Directors of other companies, to the existence of personal relationships with Argos' stakeholders, and the Shareholding that some of the Directors hold in the company.

In 2022, the patrimonial members revealed potential conflicts of interest and expressed their decision not to participate in the deliberation and decision of the company's Board of Directors in relation to the public offers of acquisition (OPAs) on the shares of Grupo de Inversiones Suramericana S.A. formulated by JGDB Holding S.A.S. on December 16, 2021, January 31 and March 29, 2022. The potential conflicts revealed were known and decided by the Argos Shareholders' Assembly.

The declared conflicts do not represent incompatibilities to perform as Directors of Argos.

The Board of Directors in the Harleyville Plant; the United States

# INTERNAL CONTROL

## The Control System

We promote the existence of a solid control environment within the company through the promotion of a risk and control culture, the definition of roles and responsibilities regarding risk management and internal control, and evaluating, following-up, and monitoring the risks that may affect the achievement of the strategy.
The Argos internal control system is based on a methodological framework prepared from international standards, such as the Committee of Sponsoring Organizations of the Tradeway Commission (COSO), the Control Objectives for Information and Related Technology (COBIT) and quality standards related to internal control practices and risk management, the purpose of which is to unify the control culture and ensure its efficiency and effectiveness of all our operations.

Our internal control system has a structure made up of the Administration, the Risk Area, the Compliance Area, Internal Audit, the Statutory Auditor and the Board of Directors with its support committees, who participate in the management of the control system in accordance with their roles and responsibilities, in accordance with the Corporate Governance Code, the By-laws, Policies and other company procedures. In relation to the Internal Audit function, it prepares its annual work plan independently and objectively, considering the risks and business processes, and presents it to the Audit, Finance and Risk Committee for approval and monitoring of the execution and the results during the year.

During 2022, the Administration, the Risk Area, Internal Audit, the statutory auditor and the Board of Directors, through its Audit, Finance and Risk Committee, evaluated the design and effectiveness of the internal control system, and concluded that it works according to the scope of their work plans.

Additionally, management reports that no significant deficiencies were observed in the design and operation of internal controls that would have prevented the company from properly recording, processing, summarizing, and presenting financial information. Likewise, it indicated that no changes were made in the methodology to evaluate financial information, nor were there any frauds that have affected its condition, quality, and integrity.

## ELEMENTS OF THE INTERNAL-CONTROL SYSTEM

### Control Environment

- Organizational Structure
- Supervisory Committees
- Ethics and Corporate Governance Code
- Policies and Procedures
- Compliance system

### Risk Management

- Risk Management Policy
- Audit, Finance and Risk Committee
- Risk Management Methodology
- Quantification of Impacts
- Scaling

### Information

- Organizational Structure
- Supervisory Committees
- Ethics and Corporate Governance Code
- Policies and Procedures
- Compliance System

### Control Activities

- Management and Supervisory Committees
- Roles and Responsibilities
- Unemployment Indicators
- Roles of the Second Line of Defense
- Segregation of Functions
- IT Controls and Cybersecurity
- Process Controls
- Documented Procedures

### Monitoring

- Boards of Directors and support committees
- Management and Supervisory Committees
- Internal Audit
- Controlling
- Compliance
- Tax Auditing

## Participation of our Shareholders and Stakeholders

We have various information mechanisms and service channels for our shareholders and stakeholders, which allow us to guarantee fair treatment, encourage their participation and the exercise of their rights:

- **Argos webpage** in english and spanish with information of interest on the company's performance, structure, results, governance and control (www.argos.co).
- **Conferences and Reports:** Results reports, quarterly conferences, the Integrated Report and periodic reports on Argos' environmental, economic and social management.
- **Relevant Information:** Publication of relevant information to the market through the company webpages and the Financial Superintendency of Colombia.
- **Transparency Line:** A channel operated by an independent third party for the anonymous reporting of actions contrary to our guidelines for conduct and corporate governance.

An employee in Sint Maarten

- **Shareholders' Assembly:** Shareholders' Assembly meetings summoned sufficiently in advance so that shareholders can exercise their rights and participate actively.
- **Personal Attention:** Meetings with analysts from commission brokers, pension funds, investment funds, foreigners and other shareholders.
- **Investor Relations:** Investor Relations Office: Carrera 43A #1A Sur - 143 Torre Norte Medellín, Colombia, ir@argos.com.co.
- During 2022, **514 requests from shareholders** related to these topics were addressed:

| | |
|---|---|
| Certificates | 207 |
| Status of Requests | 62 |
| Payment of Dividends | 59 |
| Portfolio Information | 51 |
| Depositor Change Orders | 39 |
| Data Updates or Modification | 34 |
| Sending Forms for Request Management | 25 |
| Over-the-Counter Operations | 11 |
| Shareholder Data Update | 10 |
| Others | 16 |

## CHALLENGES

- Independence in the conformation of the Board of Directors and its Committees
- Diversity in the conformation of the Board of Directors
- Increased disclosure of information on executive compensation

# THE STEERING COMMITTEE

The company's leadership and administration in the economic, social and environmental aspects is the responsibility of the Steering Committee, which is appointed and supervised by the Board of Directors. Its functions are to present advances and apply improvements handed down by the Board of Directors on the different processes of the organization, disclose guidelines and comprehensively validate the company's management, provide feedback and guide employees for decision making and lead the implementation of the corporate strategy.

See the resumes of the Steering Committee

**JUAN ESTEBAN CALLE**
CEO

**CARLOS HORACIO YUSTY**
VP Colombian Regional

**SIMON BATES**
CEO Argos USA

**GUSTAVO URIBE**
General Director
Central America

**GARY DE LA ROSA**
General Director
The Caribbean

**GABRIEL BALLESTAS**
General Director Trading

**TOMÁS RESTREPO**
VP Future

**FELIPE ARISTIZÁBAL**
VP Corporate Finances

**MARÍA ISABEL ECHEVERRI**
VP Corporate Affairs

## News in the Presidency of Argos USA

**THE RETIREMENT OF BILL WAGNER**

After more than eight years of service to the organization, on October 31, 2022, Bill Wagner withdrew from the Presidency of Argos USA due of his retirement.

There are no words to dimension Bill's exceptional contribution, both for Argos as well as for the construction sector in the United States. His significant trajectory for more than 40 years as industry leader and his role on the Board of Directors of the National Ready-Mixed Concrete Association deserve all our applause.

For Bill, we send him our strongest hug and best wishes for a new life stage full of adventure, well-being and personal and family achievements. At Argos he will always have thousands of grateful colleagues and friends for having walked together with them.

## A New CEO for Argos

As of November 1, 2022, Simon Bates has occupied the position of Argos USA CEO of, after an exhaustive recruitment and selection process. In him we find not only a professional of proven experience and career in our industry, but also a great human being and an empathic leader committed to the construction of better companies, countries and societies, based on a leadership focused on the human being, the strengthening of culture and the growth and development of teams and employees.

We are sure that Simon will connect very well with the Argos culture and has manifested his identification with our higher purpose and the enthusiasm to promote and contribute on totally relevant issues for the organization, such as sustainability, innovation, talent development, good governance and management to transcend and influence the welfare of society.

## Changes in the Corporate Strategy

In 2022, we redefined the corporate strategy, in order to quickly adjust to the changes that the industry and the company have had in recent years, and to take advantage of short-, medium- and long-term trends. As a fundamental axis, the strategy proposes the development of business and the identification of projects that must be deepened, maintained or renounced in the future, seeking to have a profitable, sustainable company that generates value for all stakeholders.

## Continuous Monitoring of Results

During 2022, the Steering Committee had a continuous approach to the results of the year together with permanent conversations about the results obtained and the projections in the future and the implementation of a detailed analysis of the balance between prices and costs, a key topic due to the inflation of these aspects, which affected the operation in that period.

Additionally, follow-up was carried out on:

- The company's capital structure. Based on this, different initiatives focused on debt management and financial expenses were presented.
- The identification of alternatives to close the gap between the value of the share and the company's fundamental value.

# CHALLENGES

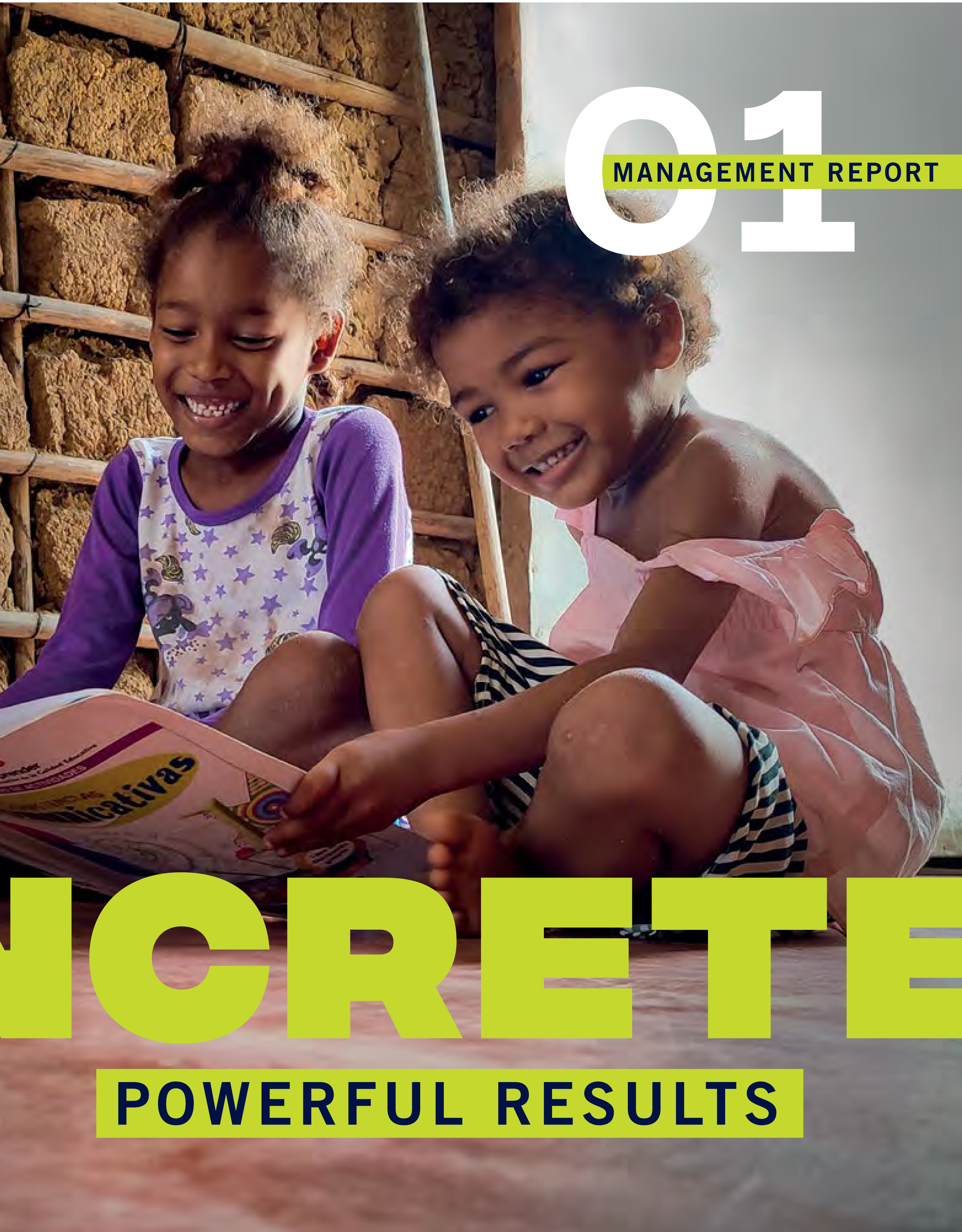
- To strengthen and integrate the functions of the committee from changes in the organizational structure;
- To promote the agility and development of transversal capacities through the strengthening of innovation centers (Future Tech Lab, DnA Lab, Entrepreneurship and Innovation Center and Technical Projects Center).

"Yoneidis Navarro and Elit Barrios from Arroyohondo, Bolívar, Colombia, now have a concrete floor where they can sit, play, read and have fun, thanks to the Healthy Homes (*Hogares Saludables*) Program, with which we have positively impacted the lives of more than 6,300 people in the country."

# WE CON

# 01

## MANAGEMENT REPORT



# NCRETE

## POWERFUL RESULTS

# MANAGEMENT REPORT 2022 CEMENTOS ARGOS


Juan Esteban Calle, Cementos Argos CEO, in the Harleyville Plant; the United States

**Dear shareholders:**

At Argos, we are moved by the higher purpose of making possible the construction of housing and infraestructure that enable a more sustainable, thriving and inclusive society. It moves us to work for the progress of the 16 countries of the Americas where we are present, being a benchmark for good business practices in sustainability, good governance and diversity, and providing our costumers with an innovative value offer that provides solutions to their needs and challenges. At Argos we are also moved by accompanying the development of the communities neighboring our operations and consolidating a healthy, positive, respectful and stimulating work environment for our nearly 7,000 employees, which translates into the company's permanence in a leadership position and in a greater return and appreciation of the investment for you, our shareholders, whom we thank for all your trust and support.

Within the framework of our higher purpose, 2022 was focused on concretizing and advancing in the four strategic pillars that will guide the management of the organization in the coming years:

1. To close the value gap of our share against its fundamental value.
2. To capitalize on the transition to carbon neutrality in the industry as a business opportunity.
3. To innovate in solutions that promote the competitiveness of our costumers.
4. To use technology to build high-value relationships with our stakeholders.

We aspire to generate the greatest value for our costumers, shareholders and other stakeholders and maintain an optimal organizational climate, to grow and to fulfill ourselves as employees and as people.

We are pleased to report and share the progress made in most of our indicators, beginning with our commitment to care for the health and well-being of our employees; in this regard, we surpassed the goal in the Industrial Occupational Illness and Frequency Index and closed the period with an index of 0.89, the lowest in the company's history. On the other hand, we registered an all-time high in terms of income; we ended the year with the lowest debt indicator in the last nine years and, amid strong inflationary pressures and the increase in interest rates in all markets, we reached the best operating EBITDA in our history, exceeding COP 2.1 trillion, a figure that is within the guidance given to the market at the beginning of the year. On this basis, we went from generating around COP 1,440 per share in 2021 to around COP 1,510 in 2022. Additionally, we increased the dividends paid to our shareholders by approximately 35% and we worked on structuring various mechanisms to ensure a better distribution of capital and increase the generation of value for them.

Likewise, we were confirmed in the Dow Jones Sustainability Index as one of the three main leaders of our industry in the world, for the tenth consecutive year, and we were included in the Standard & Poor's Sustainability Yearbook among the 5% of the most sustainable companies in the world, among more than 7,800 evaluated regarding their transparent, comprehensive performance.

The good operating results have been possible thanks to the successful implementation of four initiatives that sought to adjust the company to the challenging conditions of cost inflation and supply chain disruptions faced in 2022: 1) A strategy to maximize production and shipments of our network of cement plants, from the care of production and maintenance processes in a context of high rates of use of our own capacity; 2) The creativity and flexibility of our technical team to optimize energy sources and raw materials in all our geographies; 3) The leverage capacity in our logistics network to fully integrate operations and achieve supply milestones; and 4) An effective strategy of price increases in the three regions, framed in a commercial management of excellence, to offset cost inflation.

The Cementos Argos indicators reveal a continuous improvement in the company's operating and financial performance in the last five years, with an EBITDA growth of 42% and an improvement in our leverage ratio of 38%. Particularly in 2022, the company posted the highest 12-month operating EBITDA in its history and the lowest leverage ratio in the last nine years.

4G Mega Project Conexión Pacífico 2; Southwestern Colombia

In addition to being fully focused as a company on producing increasingly better financial results, in 2022 we advanced several initiatives focused on generating greater value for our shareholders and maintaining constant, transparent communication with this stakeholder. We held the Investor Day, a specialized event for analysts and local and international institutional investors, which resumed after five years and which allowed us to delve into strategy and sustainability issues, as well as visit our Cartagena plant, a key operation for the integration of the territories where we are present. We contributed to strengthening the double listing program on the Santiago de Chile Stock Exchange, through a non-deal roadshow held in person, and we supported the continuity of the local market creation program. We increased meetings with institutional investors by 30% compared to 2021 and we approached the retail market, through various personalized, massive events, both in person and virtually, throughout the year.

However, ordinary and preferred shares closed the year at record lows on the Colombian Stock Exchange (*Bolsa de Valores de Colombia, BVC*), with reductions of 41% and 39%, respectively, well below what we consider their fundamental value. This behavior is associated, above all, with structural phenomena in our market, such as the lack of liquidity and the temporary decrease in institutional investors, which has dramatically impacted all issuers downward and - in our particular case - it is not consistent with the solidity and health of the company's fundamentals.

For this reason, as a priority for the year 2023, we are assuming the commitment to promote and improve initiatives around closing the gap between the price that the share is reflecting in the BVC and its fundamental value, for which we designed and began the execution of a comprehensive plan that we have called SPRINT, an acronym for Share Price Recover Initiative.

## SPRINT: A COMPREHENSIVE PROGRAM FOR VALUE CREATION

The SPRINT initiative is conceived as an articulated program that systematically addresses the main and diverse causes of the aforementioned decoupling, for which it encompasses five lines of work: 1) Maintaining the focus on solid operating and financial results with an emphasis on profitability; 2) Significantly increasing dividend distributions to our shareholders in 2023, with a total amount of COP 445 billion; 3) Launching a Share Repurchase Program for approximately COP 250 billion; 4) Improving the visibility of the value of our operations and continuing the process for listing our US business on the New York Stock Exchange when market conditions are appropriate; and 5) Improving the liquidity of our common shares by signing a local market creation contract, in order to once again reach the minimum threshold required for them to be eligible for repo operations within the Colombian Stock Exchange, taking into account the importance of this financing mechanism for our minority shareholders.

Following up on the positive advances in the competitiveness of our company and our businesses in recent years with the execution of the BEST and RESET Programs, we will be concentrating our efforts in the next three years on improving the company's EBITDA margin, leveraged on greater ambition in terms of price recovery, in maximizing the sales volumes of cement produced by our own plants in the total sales mix in the USA, and in improving the performance of the ready-mix business in the USA, Panama and Colombia.

In connection with the purpose of converting our business in the United States to a listed company on the New York Stock Exchange, we entered into a new Credit and Guarantee Agreement by Argos North America that provides for loans of up to USD 750 million to replace the debt existing. The transaction improves the financial cost, the maturity profile of the debt without increasing leverage and strengthens the company's capital structure, as well as its liquidity position.

Additionally, and as we have mentioned, Simon Bates was appointed as the new CEO of Argos USA, replacing Bill Wagner, who retired after eight years of an extraordinary career in the organization. Simon is an executive with experience in leading companies listed on the New York Stock Exchange and highly recognized in the building materials industry in that country.

**16.2**

**MILLION TONS** of cement

**7.5**

**MILLION M³** of concrete

**COP 11.7**

**TRILLION** in Income

## CONSOLIDATED RESULTS

At the close of 2022, we had dispatched 16.2 million tons of cement on a consolidated basis, with a slight decrease of 3.7% compared to 2021, mainly caused by effects on the industrial business in Central America and the Caribbean. For its part, concrete volumes stood at 7.5 million meters, with a growth of 6.3%, leveraged by the good performance of the market in Colombia.

As we indicated at the beginning of this Report, we reached an all-time high in terms of revenue, with a total of COP 11.7 Trillion, which represents a growth of 23.7%, as well as an all-time high in operating EBITDA, registering COP 2.1 Trillion, with an improvement of 6.6%, compared to 2021. This result is in line with the guidance provided to the market a year ago and was possible thanks to a successful pricing strategy, efficient cost management in our operations and the careful, articulated planning of the supply chain within the company.

A concrete pouring project in the United States

After making the necessary adjustments to make the years comparable, particularly considering the non-recurring divestments made in 2021, the expenses associated with the process of listing the business in the United States on the New York Stock Exchange and non-monetary tax provisions related to the payment of intercompany accounts from Argos USA to Cementos Argos, Net Income from continuing operations in 2022 closed at COP 403 Billion, 14.4% lower than in 2021, mainly affected by the notable increase in financial expenses due to the increase in interest rates.

From a cash flow perspective, 2022 was a favorable year for the company, evidencing an increase of COP 772 Billion in the consolidated net cash position and ending with a balance of COP 1.3 Trillion at the end of the year. This strong operating and cash flow performance will enable the organization to increase its Shareholder Distributions by approximately 80% in 2023.

Our leverage ratio decreased by 9% to a level of 2.8 times, the lowest in the last nine years. Total debt closed at USD 1.4 billion, of which 37% is in dollars, with an average rate of 5.6%, and 63% in pesos, with an average rate of 15.1%. Currently, 31% of the company's debt is tied to improvement in sustainability indicators.

For 2023, we have positive expectations in our three regions. With higher price levels and more stable inflation, we expect to be able to capture all the opportunities that arise in the regions and maximize value for our stakeholders.

## SEPARATE RESULTS

In compliance with the Circular Letter 24 of 2017 and the regulation established in Decree 2555 of 2010, particularly in article 5.2.4.1.5, it is noted that for a better understanding of the financial information disclosed by the company, the Consolidated Financial Statements and the Separate Financial Statements should be analyzed together, including their respective annexes and solvency indices, profitability, liquidity and indebtedness, which are detailed in the primer transmitted to the Colombian Financial Superintendency.

The Cementos Argos S.A. Separate Financial Statements reflect a trend similar to that reported in the Colombian segment information, both in the Consolidated Financial Statement and in the complementary analyses published to the public stock market and reported to the Colombian Financial Superintendency. Likewise, it is highlighted that the Separate Financial Statements include the corporate expenses of the operation that supports the different geographies. In this sense, and to have an adequate understanding of the information that reflects the solvency, profitability, liquidity and indebtedness of the company, it is suggested to analyze the Consolidated Financial Statements taken as a whole.

Employees in the Harleyville Plant; the United States

## PERFORMANCE OF THE UNITED STATES REGIONAL

Compared to 2021, cement shipments increased 4.4% and reached 6.1 million tons, while those of concrete grew 1% and stood at 4.5 million cubic meters. Overall, demand conditions remained strong throughout the year, affected only late in the year by colder-than-expected winter storms in Houston, Florida, Georgia, and the Carolinas. For their part, prices increased by 16% in cement and 18% in concrete.

During 2022, Argos USA demonstrated its flexibility and ability to adjust its business strategy according to market conditions, by increasing exposure in the commercial and infrastructure segments, given the slowdown that was beginning to be reflected in the residential sector, a trend that is expected to continue in 2023.

We recorded revenues for USD 1.5 Billion, with an increase of 16.4%, an annual EBITDA of USD 256 million, with a decrease of 4%, primarily due to significant increases in the variable costs of the operation.

**6.1**

**MILLION TONS**
of cement

**4.5**

**MILLION M³**
of concrete

**USD 1.5**

**BILLION**
in Income


An employee in the United States

As part of the execution of the business profitability strategy and optimization of the company's asset base, within the framework of the divestment plan for assets located in suburban markets or not integrated into its own logistics and production chain, Argos USA signed an agreement with Smyrna Ready Mix Concrete to sell it 23 ready-mix plants (18 in eastern North Carolina and five in southwestern Florida), with a five-year right to supply cement. The total value of the sale was nearly USD 93 million.

For 2023, the focus of our business in the United States will be to continue with the preparation for the listing, the improvement of the profitability of the EBITDA margin and Return on Capital Employed (ROCE), the progress in the execution of the climate change roadmap with the complete conversion to PLC cement, to which we will refer later, and the increase in the use of alternative fuels.

We are excited about the potential of the US market in the decades to come and we propose to continue growing our presence in that country and deepening our value proposition, leveraging the company's leadership in sustainability and the invaluable set of cement, concrete and terminal, maritime and terrestrial assets, which allow us to cover, in the states where we are present, a market of more than 165 million inhabitants with a demand for more than 50 million tons per year.

An employee in the Distribution Center in Medellín, Colombia

6
**MILLION TONS**
of cement

2.7
**MILLION M³**
of concrete

COP 2.7
**TRILLION** in income

## PERFORMANCE OF THE COLOMBIA REGIONAL

In 2022, the demand for cement in Colombia surpassed 13.5 million tons, reaching a growth of 4%, driven particularly by the residential segment, thanks to the good performance of social housing, which led to a record year of start-ups. The infrastructure and mass segments also performed well.

Argos' cement volumes in Colombia reached six million tons, experiencing a slight increase of 0.8% as a result of the price recovery strategy advanced by the company in a context in which cement prices in Colombia continue significantly below those of import parity. Within that figure, export volumes set a record by standing at 1.2 million tons, with growth of 28.2%. Concrete volumes reached 2.7 million cubic meters, presenting a growth of 13.6%, driven by the construction of formal housing and the good dynamics of infrastructure projects. Local cement prices grew 19% and concrete prices increased 13%.

Thanks to our strong participation in the industrial segment, our search for profitability and higher margins, the pricing strategy and cost control, and the positive impact of the exchange rate in the export business, we had positive results amid continuous inflationary pressures.

We recorded income for COP 2.7 Trillion, with a growth of 11.8% year on year. EBITDA closed at COP 605 Billion pesos, with an increase of 5.7%.

The Port of Cartagena, important for growth in exports.

Key to the results was the deployment of the strategy to reduce volumes purchased through trading, due to the high prices of clinker and cement in the world, and replacing them with exports from the Cartagena Plant to increase our own production and reduce costs in our network. This was possible thanks to the expansion of the Port of Cartagena, the optimization of the production process, through which a 10% increase in production capacity was achieved, the restart of furnace 3 at the Cartagena Plant and furnace 2 at the Toluviejo Plant.

At the end of 2022 in Colombia, Argos registered a market share of more than 35% in cement and 40% in concrete, with the delivery of products, solutions and a differentiated value proposition for more than 13,000 costumers served directly in more than 1,000 municipalities within the national territory.

In September 2022, the conciliation agreement with the National Infrastructure Agency (ANI, in Spanish) was approved to settle the conflict that was brought about on the contractual investments in the Argos Free-Trade Zone (Zona Franca Argos) and shelve legal contingencies. As a result of the Agreement, Argos will invest close to USD 15 million over two years in the construction of a silo in the Port of Cartagena, which is necessary to leverage the growth of the company's exports. Previously, the Intersectoral Commission of Free Zones, led by the Ministry of Commerce, approved the extension of our Argos Free-Trade Zone for 15 additional years, beginning in January 2023, which allows us to make some of the current strategic projects viable and be more competitive both in the national and international markets.

For 2023 - encouraged by the record sales of 2022 and 2021 - we foresee stable volumes in terms of formal construction, which will be carried out during the current year.

In the medium and long term, infrastructure will continue to play an important role, due to the 4G projects under development, the 5G projects that are advancing in structuring and awarding, and macro-projects in execution, such as the Bogotá Metro. To date, seven of the 14 projects of the first 5G wave have been awarded and construction should begin in 2023. A total consumption of at least 2.5 million cubic meters of ready-mix concrete in over the course of approximately three years is estimated in this first wave, which will allow us to continue capturing value-maximizing opportunities leveraged on our unprecedented coverage and competitiveness in Colombia.

Mixer trucks in the Columbus Lighthouse, the Dominican Republic

## PERFORMANCE OF THE CENTRAL AMERICAN, CARIBBEAN AND TRADING REGIONAL

**4**
**MILLION TONS** of cement

**273,000**
**M³** of concrete

**USD 541**
**MILLION** in Income

In this Regional, we maintained positive performance throughout 2022, leveraged in the increase of the supply from Colombia to replace the cement and clinker purchased from third parties, the partial recovery of volume in some countries and a powerful price strategy, with average increases of 14% in concrete and 29% in cement, due to the global trade dynamics, which has led to the highest values of import parity in markets with high exposure to international supply.

In this context, shipments reached 4,000,000 tons of cement, with a variation of -18.5%, and 273,000 cubic meters of concrete, with a growth of 42.5%.

We registered revenues for USD 541 Million, with an increase of 3.1% versus 2021, and we reached an EBITDA of USD 123 Million, which decreased by 8.1%.

In Central America and the Caribbean, in 2023 we project a stable behavior, given the wide diversification we have, the number of markets in which we operate, the flexibility of our network and the good positioning of the brand.


An employee in Panama

In Panama, after a delay in the post-pandemic reactivation, cement volumes continue to recover satisfactorily due to the increase in demand in infrastructure projects, such as the third and first lines of the Panama Metro, and the revitalization of the housing market.

In Honduras, prices continue to evolve positively, although demand was impacted by the government transition and the complex rainy conditions in the third quarter.

The Dominican Republic maintains a positive evolution of demand and price dynamics at historical highs, despite some specific impacts on shipments during the last two quarters of the year due to the hurricane season.

The most affected market in terms of volumes was Haiti, due to the difficult social and political situation that has resulted in roadblocks, fuel shortages and protests throughout the country. The safety of our employees is our priority and we monitor the evolution of the context to activate operations when conditions allow it.

In Central America and the Caribbean, in 2023 we project stable behavior, given the wide diversification we have, the number of markets in which we are present, the flexibility of our network and the good positioning of our brand. We will continue to focus on maximizing value through integration with our operations in Colombia and offsetting the inflationary impact with price management and cost control.

An employee in the Quality Laboratory; Colombia

Application of cement for roads; Honduras

Through Argos ONE, 68% of the cement orders and 36% of concrete orders were managed in Colombia, the United States, Panama and Honduras.

## AT THE FOREFRONT IN INNOVATION

We endorse our commitment to improving the commercial experience through costumer-focused initiatives and digital transformation in our value chain, to position ourselves as key allies and enablers of the development of sustainable, intelligent and interconnected cities.

With our portfolio of products and services, our catalog of Green Solutions, new business models and future initiatives, we strengthen our value proposition in accordance with the dynamics and competitive conditions of each market.

We highlight the growth in functionalities of our Argos ONE platform in Colombia, the United States, Panama and Honduras, which allowed – among other achievements – to receive 68% of cement orders and 36% of concrete orders, more than 1.5 Million inquiries and delivery monitoring and a collection of more than 45% of our costumer payments through digital solutions.

In 2022, Cementos Argos and Saint-Gobain, one of the 100 most-innovative companies in the world, formalized a joint venture, aimed at expanding the offer of mortar solutions in Colombia. The shared portfolio will include specialized products, such as masonry, repair and waterproofing mortars, glues and grouts. This alliance will initially reach Colombia and, in the future, could be expanded to other geographies to contribute to the industrialization and sustainability of the construction sector in the region.

The Concrete Modular Plant, in Cajicá, Colombia

In February, *Soluciones Modulares Argos* was established, a company focused on the production and marketing of precast-concrete elements, as a disruptive commitment to innovation and technology for the development of off-site projects. This construction system is focused on the housing and infrastructure segment to contribute to the industrialization of the sector and the closing of equity gaps, due to the benefits it offers in terms of high yields, efficiencies, profitability, sustainability and social impact. With this initiative, the assembly of the first industrialized mass-production plant of modular concrete houses in Colombia was achieved, with a construction capacity of up to 4,000 houses per year, with optimized times of at least six months. By 2023 we expect to produce and assemble around 1,400 houses, equivalent to 60 buildings, and continue our expansion and positioning as a leading, disruptive provider of technological solutions in the construction sector.

In 2023, we completed the conversion of all our cement plants in the United States to the production and distribution of Portland Limestone Cement IL (PLC), a cement with a lower percentage of clinker than Type I in that market, which offers performance comparable to regular Portlands, while providing a smaller carbon footprint. The conversion of 100% of production to PLC is part of the company's general sustainability strategy and it also generates an increase in the production capacity of our cement plants in the United States, which are operating at maximum capacity.

The Superintendency of Industry and Commerce of Colombia granted Argos a new patent that protects three inventions of the company directly associated with a more environmentally friendly production:

1. The pozzolanic mixture of clay, limestone and a setting regulator.
2. A cement that incorporates the pozzolanic mix.
3. A concrete that incorporates cement.

With this patent, which is also pending in the United States, Honduras and Panama, Argos has accumulated eight patents in force in Colombia and two in the United States.

Casa para Mí (A Home for Me) Project in La Danta, Antioquia, with innovative construction techniques.

As pioneers in the launch of green cement and thanks to our experience in the use of calcined clays, together with FLSmidth, the Danish Technological Institute, Rondo Energy from the United States, VICAT from France and the Technical University of Denmark, we are advancing in the implementation of ECoClay™, a project that aims at carbon neutrality in the cement industry. To reduce $CO_2$ emissions from cement production by up to 50%, ECoClay™ partners will develop and commercialize the technology needed to replace fossil fuels in calcining clay, by electrifying the process. The use of calcined clay to reduce the clinker content in cement is essential to drastically reduce the environmental footprint in production. The project will build a pilot plant at the FLSmidth R&D Center in Denmark. The alliance will demonstrate how ECoClay™ is superior to conventional combustion processes and has significantly lower air pollutant emissions. According to the project plan, the ECoClay™ partners expect to start construction of the first large-scale electric clay calcination facility by the end of 2025.

On the other hand, also in 2022, we consolidated the Casa para Mí (A Home for Me) business social entrepreneurship model, with four strategic focuses aimed at reducing the significant quantitative housing deficit existing in Colombia, promoting – hand in hand with our builder allies – the supply of decent housing, both in rural areas and in developed urban areas, leveraged on our capacity for innovation and commitment to the advancement of our higher purpose.

The focuses were:

- The linking of new actors in the value chain, such as medium and small local builders.
- The centralized structuring of projects to seek scale economies with replicable prototypes and the reduction of risks for the small builder.
- The use of innovative construction technologies that seek to increase productivity and quality, while reducing environmental impact.
- The creation of a Project Financing Impact Fund that offers greater agility, fewer procedures for builders to make the purchase of land viable and more competitive rates than those of the market to facilitate the financial closing of urban renewal projects and rural nuclei.

During the year, the *Casa para Mí* Program built more than 50 houses in rural areas and has around 700 in the study and design phase in different regions of the country. Likewise, it began the development of the first urban redensification project in the Manrique neighborhood, in Medellín. This first prototype allowed us to demonstrate that under the *Casa para Mí* Model, land can be enabled that weighs up to 30% in the feasibility of the projects, which guarantees the scalability of the program. Additionally, a second investor was obtained to participate in the Project Financing Impact Fund. By 2023, the main challenges are to strengthen the financing fund, build at least 200 homes and continue to innovate in construction systems that adapt to both the culture and the challenges of the different projects.

Application of the *Vía Forte* Solution; Colombia

## CLIMATE CHANGE MANAGEMENT

As a result of the advances, follow-ups and emerging challenges in environmental matters, Cementos Argos reviewed its climate change roadmap and updated the goals for 2030, with the approval of the Board of Directors to strengthen the innovations, practices and actions with which we have been consolidating as world leaders in the industry in adaptation, mitigation, compensation and management of natural capital.

Biodiversity care, water management, co-processing and energy efficiency are some of the practices for which we are recognized at the forefront of the industry.

In October, Argos signed the COP15 Business Declaration, an initiative that seeks to protect the planet through regulations on environmental impact, in order to protect natural resources and encourage environmentally responsible operations around the world. The Declaration will be the central theme of the next United Nations (UN) Conference on Biological Diversity (COP15) and records the voluntary actions that companies are carrying out for the conservation of natural capital, highlighting those of Argos regarding the care of biodiversity and the efficient use of water, with the rehabilitation - to date - of 77% of the intervened quarries, compared to a goal of 90% by 2030, and with a 20% reduction in the cost to society related to the consumption of water in cement, concrete and aggregate operations.

R&D of the Microalgae Pilot in Cartagena, Colombia

Also noteworthy is that after an extensive audit process, the Science Based Targets initiative (SBTi) validated our goal of reducing $CO_2$ emissions by 21% by 2030, recognizing the validity of our climate change roadmap with specific projects proven to achieve the reduction objectives in Scope 1 and 2. Within its framework, in 2022 we made progress in projects to optimize the use of clinker and energy efficiency, increase alternative fuels, decrease the clinker/cement factor and increase the natural gas.

The $CO_2$ capture project from microalgae and its transformation into biocrude to obtain renewable diesel, based on the pilot that we installed at the Cartagena plant, has been validated under real conditions, which allows us to continue with the following stages for its scaling in different operations. Our leading team of this initiative and the University of Antioquia Industrial Chemical Processes research group were awarded the Alejandro Ángel Escobar National Prize, in the Environment and Sustainable Development Category, considered the highest scientific award given in Colombia, for the joint work for its technical and economic feasibility. On the other hand, we made agreements with the Ministry of the Environment to continue developing the initiative with more profitable levels of capture and transformation.

A costumer and an Argos Commercial Advisor in Cali, Colombia.

**+251,000**

**OURS OF TRAINING**
accounted for

**339**

**WOMEN** in historically masculinized operating positions

**30 %**

**OF THE LEADERSHIP POSITIONS**
in the company are held by women

## A GREAT COMPANY TO WORK

Argos maintains recognition as a great place to work in internal and external measurements in different countries, as well as a high valuation as an employer brand for the coherence and sense of transcendence of its higher purpose, development opportunities, industrial safety and occupational health management, good working environment, compensation and welfare benefits, retention initiatives, its labor practices and the promotion of social dialogue.

Based on the maturity of our I Promise (*Yo Prometo*) System, in 2022 we reached a frequency index of 0.89 and recorded a cumulative reduction of 36% in this indicator in the last three years. We had no fatalities in direct employees or contractors at our facilities; two fewer disabling events occurred compared to 2021 and we increased observations by 8% to keep us healthy and safe. In addition, supported by new initiatives such as the I Act (*Yo Actúo*) Program, we deepen capacities among the leaders and supervisors of the operations so that they can raise the levels of awareness in their work teams and accompany the management of risks and the management of emotions in an empathic and effective manner that can affect safety.

In development management, we reached a coverage of 1,435 employees with a performance evaluation. More than 251,000 training hours were recorded, of which 166,000 were personal attendance, and we reached compliance and conduct training coverage of more than 70% of employees. In our commitment to flexibility with responsibility, we registered a total of 670 teleworkers in one of the three modalities: autonomous, supplementary or mobile. Likewise, we continue to deepen the initiatives around diversity and inclusion, thanks to which we highlight that, at the end of 2022, we had 339 women in operational positions that have historically been masculinized; among them, there were 71 female mixer drivers in the three regions. Additionally, 30% of leadership positions throughout the company are held by women.

In line with our constant commitment to strengthening respect and good practices in labor relations, we developed collective negotiations in Panama and the United States and endorsed the International Framework Agreement between Argos and the International Federation of Building and Wood Workers (IFBWW), with initial scope in Colombia, Panama and Honduras.

On the other hand, in the framework of the preparation for the listing and issuance of shares on the New York Stock Exchange, we carried out an important transformation in the company's structure and organizational design, both in the United States and in Colombia and Central America and Caribbean, in order to adjust to the resulting new reality and have greater flexibility to execute additional strategic moves in the future.

Argos North America will have its Board of Directors, with a combination of independent and patrimonial members, identified with the accompaniment of renowned international talent-selection firms.

A new Steering Committee was formed, which includes the heads of the Central America, the Caribbean and Trading Business Units; four innovation centers were created and the Corporate Center was lightened without affecting employability, by transferring talent to strengthen capacities and further empower regional and market teams, promote agility in decision making, improve costumer experience and achieve the expected results to maximize the generation of value for our shareholders and all stakeholders.

↑ Employees in Atlanta; the United States

↑ Employees in Panama

# CREATION OF SOCIAL VALUE

We are committed to being part of the solution to the problems that afflict us as a society, based on the capacity of the business sector as a source of sustainable development, employment, well-being, innovation and investment and its key role in revitalizing the economy, protecting the planet and contributing to human progress.

The external social management of the entire Grupo Empresarial Argos is carried out from the Grupo Argos Foundation, which constitutes one of the most powerful voluntary social-investment vehicles in Colombia and, by being part of the companies' sustainability strategies, contributes to the achievement of long-term goals in matters of conservation of natural capital and generation of social value, with two main foci: the protection of water and biodiversity and territorial transformation in the areas of influence of group companies in Colombia.

Beneficiary of the Basic Construction Course, a program of Healthy Homes (*Hogares Saludables*); Cali, Colombia

In 2022, the Foundation invested more than COP 42 Billion and benefited more than 460,000 people. The generation of conservation and sustainable production agreements with farmers and owners stands out by impacting 2,949 hectares with better environmental practices; the planting of 1,000,000 trees in strategic ecosystems, ranging from the andean forest to the mangrove swamp; the strengthening of biological corridors for the protection of species and the generation of more than 700 green jobs in the communities. in the safe water access program, thanks to the implementation of 5,500 solutions in rural communities, more than 25,000 people improved their health, economic and well-being conditions.

In territorial transformation, 48 social organizations throughout the country have been strengthened, and 155 young people from rural areas have received scholarships for higher education. Additionally, more than 2,000 employees of the Grupo Empresarial Argos contributed their talent, time and abilities in volunteer activities to support communities to benefit more than 100,000 people.

In line with the higher purpose that we declare in Cementos Argos and our social and environmental commitment, we highlight the scaling of the Healthy Homes (*Hogares Saludables*) Program, to help reduce the qualitative housing deficit in the country, under a model of joint work with local municipalities, grassroot organizations, institutional allies, master builders and hardware dealers present in the territories; in addition, we promote formal employment, with a special focus on youth, by providing construction training to members of the community and members of beneficiary families.

A Beneficiary of Healthy Homes (*Hogares Saludables*); Cali, Colombia

The Healthy Homes (*Hogares Saludables*) Program is focused on the replacement of dirt floors with concrete floors, adaptations of sanitary units and food preparation sites at the base of the pyramid of our society, with the goal of making 10,000 home improvements by 2026. In 2022 we directly intervened in more than 2,100 homes in Colombia, benefiting more than 6,300 people, in the municipalities of Yumbo, Valle del Cauca; Apartadó, Urabá Antioquia; Medellín and the Metropolitan Area, particularly in Bello, San Cristóbal and Manrique La Honda.

Within the framework of Obras por impuestos (Works for Taxes), we lead in Colombia the integration of efforts and resources of several companies to develop road, educational and community infrastructure for the transformation of territories affected by conflict, leveraged on our technical knowledge, management capacity and experience in project structuring and manage-ment. With an investment of nearly COP 25 Billion, coming from the 2021 income tax of 11 companies, we planned the construction of four kilometers of roads and a bridge in the municipality of Dabeiba, Antioquia, the execution of which will begin in the first quarter of 2023. Facing the tax commitments for the 2022 period, we specified the participation of 30 companies, with a resource allocation capacity of COP 400 Billion; we managed projects for more than COP 100 Billion in more than 10 initiatives and mobilized cooperation of international governments with contributions for its structuring, in order to contribute to the improvement of living conditions in rural areas and the construction of peace.

Including the investment made by the Grupo Argos Foundation and the beneficiaries impacted by its programs, we can account for social management with a value of more than COP 30 Billion, benefiting nearly 580,000 people.

# WE ARE REFERENCES IN BUSINESS MANAGEMENT


An Argos hardware costumer in Jamundí, Valle del Cauca, Colombia

For our innovations, benchmark practices and positive management on different fronts, in addition to continuing to be, for the tenth consecutive year, one of the three leaders in the construction materials industry in the Dow Jones Global Sustainability Index, in 2022, Cementos Argos received recognitions such as:

- One of the leading companies in the FTSE4Good Sustainability Index;
- One of the most ethical companies in the world, according to the Ethispere Index;
- *Equipares* Gold Seal in Colombia for promoting the closing of gender gaps;
- Most Equitable company in the construction sector, according to the *PAR* Gender Equity ranking, by Aequales Latin America
- One of the ten Most Innovative Companies in Colombia, according to the National Business Association of Colombia (ANDI)
- One of the fifteen Best Companies to Work for in Colombia for talent management, according to *MERCO;*
- One of the 15 companies with the Best Reputation in Colombia according to *MERCO Empresas*;
- A Socially Responsible company and one of the Best Employers in the region, according to the Central American magazine *Summa*;
- Among the top places in the Institutional Investor Latin America study for financial disclosure practices, access to senior management, responsiveness, knowledge and authority of the team, proactive communication and constructive conference calls;
- The INspiring company 2022 Recognition, granted by the National Business Association of Colombia (ANDI) by virtue of the commitment to the generation of sustainable value and, particularly, for the leadership in co-processing with the objective of reducing the intensity of net specific $CO_2$ emissions and promoting energy efficiency and operating costs;
- Argos is also one of the five companies that lead the Private Social Investment Index (*Índice de Inversión Social Privada, IISP*) in Colombia, in the independent study by Jaime Arteaga & Asociados, in which more than 150 large companies participated;
- Investor Relations (IR) recognition from the Colombian Stock Exchange for having benchmark practices in disclosure of information and relations with shareholders and Investors.

Calcined clays at the Rioclaro Plant, an innovation with environmental impact and worldwide recognition

# FUTURE VISION

The company's very positive evolution since its inception in 1934 has been the result of a purpose, vision, culture and values focused on people and a genuine commitment to contributing to the growth of countries and building a better society, counting on the extraordinary talent of our employees and the ability to adapt to the constant changes in the environment as protagonists of a success story.

In the current chapter of the company's internationalization, the listing of Argos North America on the New York Stock Exchange will allow us to accelerate the execution of the Growth Strategy that we outlined in the United States and make a very important component of the value of the shares of Cementos Argos for our Investors visible.

With the arrival of important resources due to the cancellation of some credits between companies at the time of the listing, this operation also opens the possibility of increasing our growth in the region, consolidating our presence and expanding our capacity to export construction materials from Colombia. Central America and the Caribbean, when market conditions allow it.

Beyond the challenges of the post-pandemic, the impacts of the war in Ukraine, the dynamics of emerging economies, the devaluation of their currencies, and unstable conditions in some geographies, we are positive about the future because we have solid fundamentals and because we are taking the necessary steps to become an increasingly agile, flexible company, focused on capturing the wonderful growth opportunities that we have with the necessary skills, strategic vision, competitive advantages and extraordinary human talent.

Receive our deep gratitude for your support and trust. This is your cement company and together we will continue writing its success story. The Argos of the future takes shape from today in our hands, with integrity, responsibility, audacity and commitment, united and motivated by the purpose of making the construction of housing and infrastructure dreams that enable a more sustainable, prosperous and inclusive society possible.

Jorge Mario Velásquez
Alejandro Piedrahíta
Rafael Olivella
Carlos Gustavo Arrieta
Cecilia Rodríguez
Esteban Piedrahíta
León Teicher
**The Board of Directors**

Juan Esteban Calle
**CEO**

## In Memory of Camilo Abello Vives

Gratitude and recognition forever for Camilo Abello, an extraordinary human being and leader who was our partner at Cementos Argos for ten years and who additionally spent eight years on our Board of Directors. Camilo was the protagonist of several of the most-important milestones in the history of Argos' transformation, from the merger of the cement companies in Colombia to the company's internationalization and its arrival in the United States market. Camilo leaves an indelible mark on the purpose of our company's transcendence, in the human sense of the organization, in the evolution of the organizational culture and in our commitment to sustainability and the creation of social value.

Exemplary in all his roles, his spirit and example will live forever in the teams and in the people who had the honor of working alongside him. He will continue to inspire consistency in our actions and will forever occupy a golden place in our hearts.

**Rest in Peace.**

## LEGAL AND CORPORATE GOVERNANCE AFFAIRS

Argos states that it complies with the applicable legislation on intellectual property and copyright in the development of its corporate purpose. The trademarks, patents and other copyrights owned by the company and its Subsidiaries, which are material for the development of economic activity under the terms of External Circular 012 of 2022, can be consulted here.

In 2022, the operations carried out with administrators and shareholders were carried out in compliance with the provisions of the corresponding regulations and taking into account market conditions. These transactions are detailed in Notes 36 and 40 of the Separate and Consolidated Financial Statements, respectively. Aspects related to Article 446 of the commercial code are found in the Financial Statements, in the Statutory Auditor's report and in this document. For its part, the Corporate Group Report referred to in Article 29 of Law 222 of 1995 is found in the additional information delivered to shareholders.

Likewise, the company certifies that it did not hinder the free circulation of invoices issued by suppliers and that its judicial and administrative processes are being dealt with in a timely, diligent manner by the Administration and its legal advisors and no material decisions have been presented that have affected the company's financial situation.

The performance of the financial information disclosure and control systems was verified through different activities carried out by the Administration, the statutory auditor, the Internal Audit and the Board of Directors through the Audit, Finance and Risk Committee, which concluded that these work properly. Among the aforementioned activities, noteworthy are the review of the Financial Statements by the Statutory Auditor, the evaluation of the adequate design and operation of the Internal Control System by the Internal Audit, and the monitoring of the Financial Statements, the responsibility of the Audit, Finance and Risk Committee and the Board of Directors.


↑ A mixer truck on site; Panama

Likewise, the Administration states that the internal control system did not show shortcomings that have prevented adequately recording, processing, summarizing, and presenting financial information, nor was there any significant fraud that has affected its condition, quality, and integrity; there were no changes in its evaluation methodology either.

In 2022, the global governance and compliance program continued to be strengthened. Within its framework, training and communication activities were carried out and the controls were correctly executed to prevent the risks of money laundering, financing of terrorism, corruption, bribery and competition.

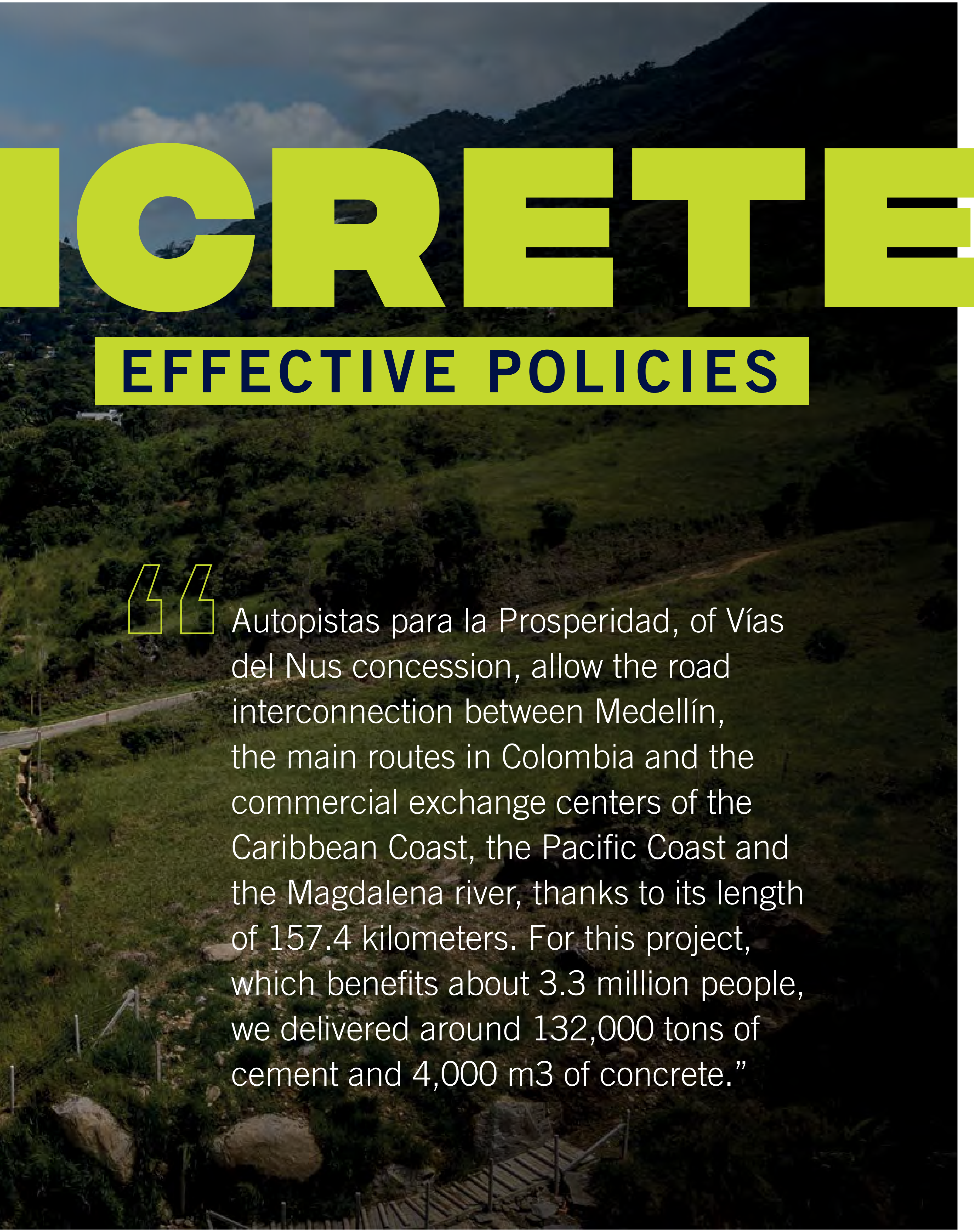
In relation to the company's corporate governance, the Annual Corporate Governance Report will be delivered to the shareholders, and the report on the implementation of the Código País (Country Code) recommendations can be found on the website www.argos.co/ir.

For the purposes of the disclosure that must be made in compliance with the provisions of External Circular 012 of 2022, in relation to the judicial and administrative processes in which the company and/or its Subsidiaries are a party, Argos states that they do not have the ability to materially affect the company's operation or financial situation. Notes 38 and 42 to the Separate and Consolidated Financial Statements, respectively, detail the judicial and administrative proceedings that, in accordance with International Accounting Standards, must be disclosed as contingent liabilities.

# WE CON

02

STRATEGIC FRAMEWORK



# CRETE

## EFFECTIVE POLICIES

"Autopistas para la Prosperidad, of Vías del Nus concession, allow the road interconnection between Medellín, the main routes in Colombia and the commercial exchange centers of the Caribbean Coast, the Pacific Coast and the Magdalena river, thanks to its length of 157.4 kilometers. For this project, which benefits about 3.3 million people, we delivered around 132,000 tons of cement and 4,000 m3 of concrete."

# HOW DO WE CREATE VALUE?

## For Argos, sustainability is **creating**

### RISKS

Analysis of risks and opportunities for the organization

TRENDS

STANDARDS

STAKEHOLDERS

SECTOR LEADERS

### SDGs

1 NO POVERTY

2 ZERO HUNGER

3 GOOD HEALTH AND WELL-BEING

4 QUALITY EDUCATION

5 GENDER EQUALITY

6 CLEAN WATER AND SANITATION

7 AFFORDABLE AND CLEAN ENERGY

8 DECENT WORK AND ECONOMIC GROWTH

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

10 REDUCED INEQUALITIES

11 SUSTAINABLE CITIES AND COMMUNITIES

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

13 CLIMATE ACTION

14 LIFE BELOW WATER

15 LIFE ON LAND

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

17 PARTNERSHIPS FOR THE GOALS

### RESOURCES

**6,937**
Employees

**6,804**
Suppliers

**11**
Cement Plants

**197**
Concrete Plants

**7**
Aggregate Plants

**+1,500**
Train freight cars

**4**
Ships

**11**
Patents awarded

## value for the company and for society.

### HIGHER PURPOSE

Make possible **the construction of housing and infrastructure dreams** that enable a more sustainable, thriving and inclusive society

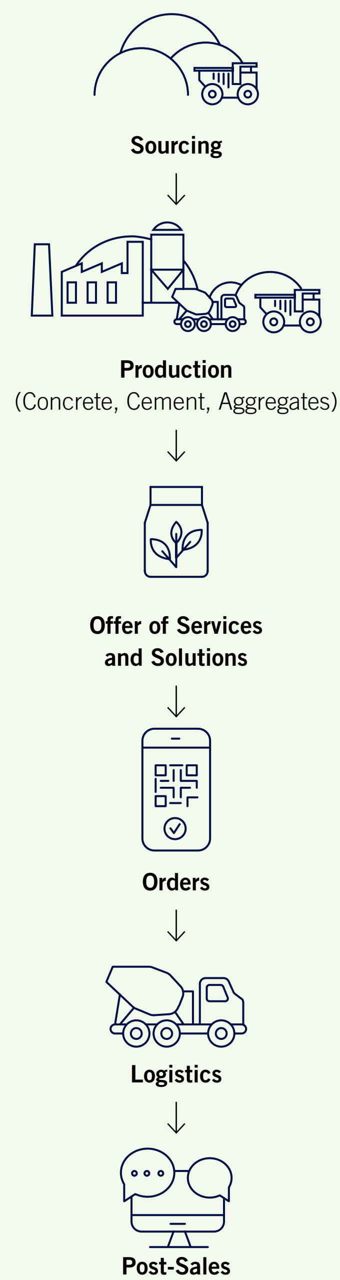
### STRATEGIC PRIORITIES

- Smart growth
- Road to net zero
- Customer centricity
- People revolution
- Social value creation

### SUSTAINABILITY STRATEGY

- Generate relationships of trust
- Produce responsibly
- Ensure the profitability of the business
- Share our values

### BUSINESS MODEL




### VALUE CREATED

**ECONOMIC DIMENSION**

**USD 944**
Million

**ENVIRONMENTAL DIMENSION**

**USD -394**
Million

**SOCIAL DIMENSION**

**USD 10.2**
Million

We delivered to society

**3.75**

**TIMES** the retained value by the company

# WE ARE MOVED TO GENERATE SHARED VALUE FOR ALL OUR STAKEHOLDERS

**This is why, at the end of 2022:**

- We recorded a record high in terms of consolidated revenue, with a total of **COP 11.7 trillion**, which represents a **growth of 23.7%** compared to 2021, while we reached a record operating EBITDA by exceeding COP 2.1 trillion, with an **improvement of 6.6%.**
- We have **four loans linked to ESG indicators,** which allow lower interest rates and greater financial flexibility.
- We reached historic highs in our export volumes, thanks to the expansion of the Port of Cartagena, which required an investment of approximately USD 42 Million and with which **we increased export capacity by 227%.**
- We obtained **USD 7.8 Million in savings** through digital transformation and value chain optimization. Currently, we have **52 Digital Twin models in 13 cement operations and more than 190 in concrete facilities.**
- **Nearly 100% of our US production is PLC,** a high-quality blended hydraulic cement that is more environmentally friendly than traditional Portlands.
- We were ratified, **for the tenth consecutive year,** within the Dow Jones Index as **one of the three main industry leaders globally** and we were included in the Standard & Poor's Sustainability Yearbook among the 5% of the most sustainable companies in the world.

**Also, we continue working on initiatives to:**

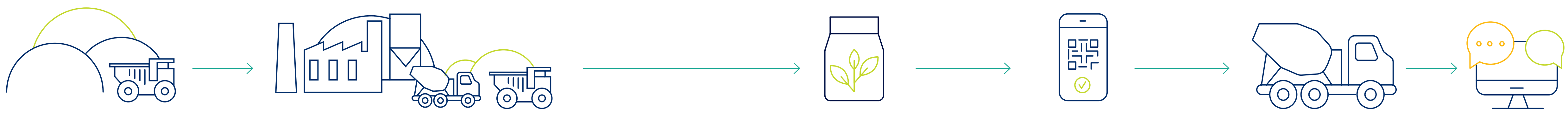
- Increase our operational efficiency
- Optimize our logistics network
- Strengthen our value proposition through innovative solutions
- Promote the use of technology to build high-value relationships
- **Promote initiatives that contribute to closing the gap between the value of the share and the company's fundamental value**

We will continue to firmly assume the commitment to **promote and improve these initiatives to create value** and continue enabling **a more sustainable, thriving and inclusive society.**

To achieve this, we structured and implemented the **comprehensive SPRINT Plan,** spanning five lines of work:

1. Maintain the focus on operating and solid financial results, with an emphasis on profitability
2. Significantly increase the distributions of dividends to our shareholders by 2023
3. Launch a Share Repurchase Program
4. Improve the visibility of the value of our operations and continue the process to list our United States business in the New York Stock Exchange
5. Improve the liquidity of our ordinary shares by signing a local market creation contract, for them to again be eligible for repo operations within the Colombian Stock Exchange

# SUSTAINABILITY IN EACH STAGE OF OUR VALUE CHAIN



## SOURCING

**86.2%**
of our purchases were from local suppliers

**52%**
of suppliers evaluated in sustainability*

**At least once in the last three years*

**29** kg $CO_2$/t cementitious material (Scope 2) for the purchase of electric energy

- Sustainable Supply Chain Strategy
- Supplier Code of Conduct
- Climate Change Strategy

## PRODUCTION

### Cement

- Use of alternative materials and fuels
- Reduction of $CO_2$ emissions
- Efficient water use plans
- Digital transformation of our operations

**5.8%**
alternative fuels

**10%**
alternative raw materials

**637**
kg $CO_2$ netas/t material cementante (alcance 1)

**227**
L/t cement

**52**
Digital Twins in operation that have generated USD 7.8 Million in savings

### Concrete

- Use of supplementary cementitious material
- Plans for the efficient use of water

**13%**
supplementary cementitious material

**334** L/m³ concrete

### Aggregates and Limestone Extraction

- Biodiversity management plan
- Rehabilitation
- Plans for the efficient use of water

**76%**
of quarries with great value for biodiversity, which have a biodiversity management plan (BMP)

**82%**
rehabilitated freed areas

**112** L/t of aggregates

- Environmental Strategy

## OFFER OF SOLUTIONS AND SERVICES

**Products with sustainability characteristics**

**+1.5**
Billion dollars in revenue from products with sustainability characteristics

**+150,000**
homes and businesses impacted, thanks to the *Construyá* Program in Colombia

- Green Solutions
- Type 1L Cement
- Multi-purpose Eco Cement
- Services

## ORDERS

**Integration of digital services through Argos ONE:**

In 2022, through Argos ONE, we achieved:

**68%**
of cement orders and

**36%**
of concrete orders

**66%**
of cement deliveries and

**98%**
of concrete deliveries

- Argos ONE

## LOGISTICS

We fully integrated our operations through an efficient logistics network

We tripled the export capacity to

**3.5**
million tons per year from the Cartagena Free-Trade Port Terminal

## POST-SALES

**+ 2.5**
million cement sacks recovered, which is equivalent to avoiding the felling of more than **3,680 trees** to manufacture paper pulp and fiber

Attention lines and channels everywhere we are present

- Green Sacks

# COMPREHENSIVE RISK MANAGEMENT

We identify, analyze, value and manage the risks that impact the fulfillment of the strategy, projects, processes and operations.

We have evaluation, monitoring and escalation mechanisms in the comprehensive risk management system (SGIR, in Spanish), aimed at seeking its efficient transfer through the corporate insurance program, to reach the geographies according to the levels: strategic, tactical and operational.

Employees at the Cartagena Free-Trade Port Terminal, Colombia

**IDENTIFY**

- Materiality analysis
- Risk workshops
- Global trends and connections
- Strategic Framework

**ANALYZE AND EVALUATE**

- Risk Matrices
- Value-at-Risk (VaR) (Sensitivity Analysis)
- Self-assessment tools

**TREAT**

- Risk Management Application
- Corporate Insurance Program
- Adaptation and Continuity Plans

**MONITORING**

- Reports to senior management
- Reports to the Board of Directors

Our SGIR supports and complements the governance, audit and compliance models. It is based on ISO 31000 and COSO - WBCSD Enterprise Risk Management Standards and is aligned with the best international practices. In addition, it is supported by the Risk Management Application. Its methodology is regularly reviewed by the Internal Audit team, which also monitors and controls risk analysis in different Argos processes.

Quantitative estimates of the impact of risks are made in accordance with the Value-at-Risk (VaR) approach, which calculate potential EBITDA deviations from the materialization of risk scenarios that impact business profitability. These are established based on the Delphi Method and are supported by key random variables, such as volumes, prices, costs, expenses, among others, with their respective quantitative assumptions of probability.

Employees in a Packing Plant in Puerto Rico

A mixer truck on site, in Bogotá, Colombia

In determining how material the quantified impacts are, we rely on our risk appetite and tolerance framework.

- The risk appetite determines the exposure that the company can assume in its operations to achieve its strategy.
- Tolerance is the maximum exposure that the organization could bear in achieving its strategy without destabilizing the business.

These two concepts help to define those thresholds in which the value of the materialization of risks would or would not represent a threat to the achievement of Argos' strategy, trying to manage its mitigation, acceptance or transfer in a timely manner. The defined thresholds make up the corporate scale of the strategic level of economic impact of our SGIR to support the decision making of the Board of Directors, senior management and the leaders of the operations.

For the tactical and operational levels, we have economic impact scales formulated based on the operational results of the processes, projects and facilities analyzed.

Learn more about our risk management system.

### This is how we strengthen the SGIR in 2022:

**At the Strategic Level:**

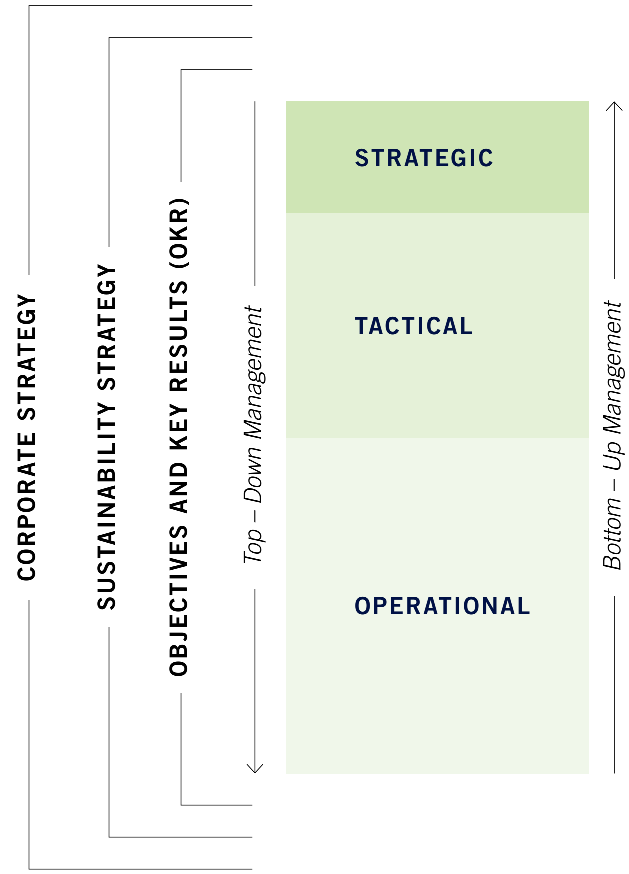
- We developed more agile risk reporting mechanisms supported by business intelligence. With these, we send periodic information throughout the year to the Board of Directors, senior management and business leaders, considering the signs and trends of the global and local environment, which are supported by political risk and climate change observatories, which show the current state of risk in a timely manner.

**At the Tactical Level:**

- We accompanied the risk analysis of new strategic expansion projects and business diversification.
- We updated the risk analyzes in 89 processes.
- We accompanied the Central America and the Caribbean Regional in the evaluation of business risks, which are derived from socioeconomic, regulatory, political and market situations.

**At the Operational Level:**

- We conducted visits and risk analysis at nine facilities.
- We carried out six studies of probable maximum losses in four facilities, which allow a better estimation of the risk to be retained and transferred.
- We made progress in the operational continuity plans for the cement plants.




## RISK TRANSFER

Risk identification, analysis and management allow strengthening **the Corporate Insurance Program.**

We have a corporate insurance program to transfer insurable risks according to statistical models recognized in the reinsurance market.

Through these, we seek an adequate, optimal transfer of risks to avoid significant deviations from our objectives, in the event of possible materializations, and we seek adequate compensation for potential losses.

Mixer trucks on site; the Dominican Republic

# THE CORPORATE INSURANCE PROGRAM

In 2022, we strengthened the Insurance program, because by being efficient, we were able to provide the necessary support in the materialization of claims and prepare the organization with the coverage that is needed to face the challenges of the future.

Within risk administration and management, the subscription was made for the transfer of cybersecurity and the adjustment of coverage according to the organizational transformations defined by the corporate strategy.

The creation of the captive company Building Materials Reinsurance Ltd. (BMR Ltd.), the objective of which is to administer and manage its own risks, was possible thanks to the maturity in business management and the strong commitment of the Board of Directors with the operational excellence. BMR Ltd. is our own organization with which we participate in the Argos insurance scheme. With this, we improved our retention and control levels for a more efficient handling of possible claims in our property insurance program, which allowed us to optimize the flows destined for it, reduce volatility in losses, strengthen our relationship with the market insurer and reinsurer, and promote practices that reinforce operational resilience.

**We created Building Materials Reinsurance Ltd.,** our own company with which we participate in the Argos insurance scheme. This allowed us to optimize flows, reduce volatility in losses, strengthen our relationships with the insurance and reinsurance market, and promote actions that boost operational resilience.

Learn more about this Program.

## STUDY OF CONTEXT SIGNALS

This is the basis to identify the main elements of the context that influence organizational strategy and objectives, as well as the ways in which the company must respond and adapt. Consequently, this analysis has had a growing contribution from different business perspectives and has become the main reference in the identification and analysis of our strategic and emerging risks; this, along with additional references and external validation workshops.

### It is carried out in three stages:

**TRENDS**
Through online workshops, the organization's teams vote for the most relevant trends for Argos and share their perceptions of the current context.

**CONNECTIONS**
The most voted trends and connections available on the World Economic Forum's Strategic Intelligence Platform enabled us to build our map of trends and connections and identify the global issues that characterize our context.

**RISKS**
We visualized the existence and intensity of the relationship between trends and connections with our risks and material issues. The result of this analysis, along with reviews by external advisors and our senior management, determine the company's strategic and emerging risks.

Learn more about the interaction of our risks with trends.

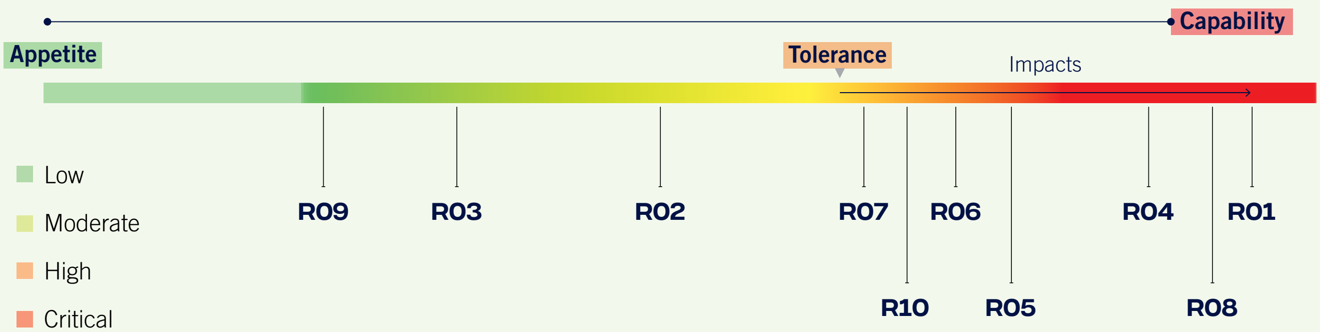
An Employee in Popayán, Colombia

## RISKS

### Strategic Risks

Strategic Risks are those, the materialization of which can significantly affect the strategic objectives, the value for shareholders, and the organization's strategy or viability. They can be derived from trends in the environment or from organizational factors and must be known as a priority by senior management. Their materiality is analyzed through the appetite and tolerance framework that determines the corporate scale of impact.

## CORPORATE SCALE OF IMPACT AND MATERIALITY CRITERIA




| RISK | DESCRIPTION | MITIGATION MECHANISMS |
|---|---|---|
| **R01.** No generation of value (EBITDA or other measure), due to not reaching volumes or prices in the business plan for changes in the market environment. | Deviation from any variable or financial index, due to changing market situations, such as imports, new entrants, construction cycle, exchange rate, competition, economic cycles, public infrastructure programs, among others | • Strategic Plan for medium- and long-term growth, which is materialized through the Objectives and Key Results (OKRs)<br>• A new emerging business model for portfolio diversification<br>• Predictive models of demand behavior and the competitive environment<br>• Analysis models of supply chain response options and trading in the face of market risks |
| **R02.** The delay or impossibility of closing competitiveness gaps in the incorporation of new technologies and in the adoption of the Digital Transformation Strategy to improve the efficiency of operations | Difficulty of incorporating new technological solutions to the current operation, due to cultural and organizational factors that do not allow them to be adopted and integrated into business management in an agile, timely manner | • Incorporation of digital adoption indicators in the company's strategic management<br>• Competitive remuneration schemes that drive greater attraction and retention of talent<br>• Constant monitoring of the needs for technological incorporation into production processes<br>• Migration to new technologies |
| **R03.** Inability to adapt to changes in the value chain and customer needs | Failure to achieve business sustainability by not delivering integrated, competitive solutions to the market in the face of changes or disruptions such as standardized, modularized and prefabricated construction components and products that contribute to mitigation and adaptation to climate change and better environmental performance | • Business intelligence articulated between regions for greater use of synergies<br>• R&D Initiatives: Smart building (advanced concrete, affordable housing, product behavior and quality, and *Road to Zero* green products and buildings)<br>• New businesses oriented to comprehensive housing solutions<br>• Portfolio of green solutions with digital, industrialized and packaging sustainability features |

| RISK | DESCRIPTION | MITIGATION MECHANISMS |
|---|---|---|
| **R04.** New policies or regulatory changes that affect the generation of company value | Affectation on profitability, due to new taxes, regulatory changes, price controls or other government measures that impact the markets, the economic dynamics of the countries and the construction materials sector | • Execute action plans related to the commitments made in the Paris Agreement<br>• Constant monitoring of normative and regulatory changes with representation mechanisms, through unions, in front of stakeholders<br>• Compliance with the provisions of regulatory bodies that guarantee free, healthy competition in the markets and follow up on them<br>• Environmental strategy with its respective indicators, goals and action plans that mitigate the materialization of climate change transition risks |
| **R05.** Low appropriation of culture behaviors, due to possible failures in the implementation of governance mechanisms, talent development and organizational relations | Low connection of employees and leaders with the company's purpose; lack of coherence in the experience of culture; different levels of appropriation of the results between countries, generational groups and levels of organizational structure, and little effectiveness and alignment of the promotion, induction, retention and talent attraction process | • Strategic communications plan<br>• Human management policies<br>• Intercultural training for employees<br>• Matrix of decision rights and role charter<br>• Shared services center |
| **R06.** Not meeting $CO_2$ emission reduction targets by not implementing the use of technologies and alternative fuels and cementitious materials | Failure to achieve sufficient progress in the technological renewal of equipment, the monitoring of variables, the use of alternative cementitious materials, the caloric substitution with alternative fuels and the adoption of $CO_2$- capture technologies that allow the achievement of the established emission reduction goals for the environmental strategy to 2030 | • An environmental strategy that includes the pillars of climate change, water and biodiversity, emissions and circular economy with their respective indicators, goals and action plans<br>• Calcined clays<br>• A process change to EcoStrong in the United States<br>• Use of alternative fuels |
| **R07.** Occurrence of natural events that significantly affect the operation and continuity of business, market participation and the company's equity | Climate variability increases the frequency and severity of natural events that can affect operations and employee integrity. Additionally, businesses are exposed to geological threats that may be beyond the scope of existing control mechanisms, so additional losses could be generated. | • Risk transfer and retention plan<br>• Contingency and business continuity plans<br>• Climate change adaptation plans<br>• Emergency response action plan<br>• Analysis models of response options of the supply chain and trading in the face of market risks, such as continuity plans in the facilities |

| RISK | DESCRIPTION | MITIGATION MECHANISMS |
| --- | --- | --- |
| **R08.** Failure to comply with ethics and internal control rules or standards by employees and administrators or whoever acts on behalf of the company, which may affect financial results and reputation | Non-compliance with internal regulations, provisions and policies or ethics and internal control standards by employees and administrators or whoever acts on behalf of Argos, which may affect financial results, operations and reputation | • Regional and transversal legal teams that ensure regulatory compliance and good corporate governance<br>• Policy and teams focused on guaranteeing quality in products and processes<br>• Insurance that covers the liability of the company and its directors<br>• External legal advice<br>• Training an communication strategies<br>• Compliance Program and associated controls<br>• Ethics Line<br>• Disciplinary procedures<br>• Management commitment to the internal control environment and ethical culture<br>• Use of technological tools |
| **R09.** Failures in the information and control systems, due to cyberattacks that affect the integrity, availability and reliability of the information or that cause interruptions in operations | Failures in the information and control systems due to internal or external cyberattacks that affect the integrity, availability and reliability of the information or that cause interruptions in operations | • Security and information policies and procedures<br>• Management of information and cyber assets with risk and control measures<br>• Controls and technological architectures for the operational security of information and malware<br>• Specialized monitoring of cyber events and management of security incidents<br>• Periodic vulnerability monitoring and evaluation actions to implement timely corrective measures, such as Ethical Hacking<br>• Support strategy and continuity of the company's technology team<br>• Adoption of cloud services<br>• Methodology for cyber risk management<br>• Best practice benchmark<br>• Management plans for business continuity |
| **R10.** Political, social and legal instability at the global or local level that can affect financial results and put the organization's investments and reputation at risk | Changes in market dynamics and in the business environment, generated by geoeconomic, geopolitical or country situations, or local social pronouncement derived from the increase in poverty and inequality that may destabilize governments, as well as tensions between countries that may affect trade balances | • Local and corporate monitoring of signals from the political and economic environment<br>• Activation of crisis committees<br>• Participation in associations of the construction materials sector to evaluate or propose new mechanisms of action<br>• Modeling response options for logistics and the supply chain |

## Materialized risks in 2022:

However, once response plans were implemented in a timely manner, the impacts did not materially affect compliance with the business plans. The most relevant factors that arose in 2022 and that could influence the materialization of risks in the future are the following:

- The global geoeconomic situation, the post-pandemic transformations (R01) and the sociopolitical conditions of the countries in which we operate (R10) were risk factors that influenced our operating results. Specifically, the social unrest in Haiti ended up destabilizing the Government and the security environment, which impacted sociopolitical, economic, and business conditions. This affected the continuity of production. Likewise, the rise in the prices of fossil fuels and the shortage in the domestic market put pressure on the cost overrun of imported raw materials and freight. However, thanks to the early implementation of revenue management and operational efficiency strategies, we mitigated risks and generated positive operational results.
- The Tax Reform approved in Colombia in 2021 (R04) brings with it great challenges in terms of the treatment of royalties and the expansion of the taxable base of the national carbon tax (INC, in Spanish) to coal consumption. Regarding the latter, even though the risk will begin to affect our cost structure beginning in 2025, the adoption of the actions included in our technical and financial roadmap to reduce our emissions will be key to mitigating the impact that have the tax when it goes into effect.

## Emerging Risks:

Events, the nature and consequences of which are highly uncertain, occur on a large scale, and arise from global trends. They respond to multiple trends that can affect the company's Strategy in the future but can also create opportunities to increase the value we offer to our costumers and to society.

Learn more about our strategic and emerging risks.

# CLIMATE CHANGE RISKS

In 2022, we redesigned our Climate Change Risk and Opportunity Analysis Framework. A broader taxonomy was included that covers the scopes of a strategic, tactical and operational nature and emerging risks. We quantified the material impacts, including longer periods (2030, 2040, 2050) and took the analysis of scenarios that integrate projections of climate variables and narratives and assumptions of different macroeconomic realities as a reference. The result of this exercise has allowed us to broaden our perspective on the role that climate change will have on the global agenda and, therefore, on the transformation that Argos must undertake in the future.

For more information, see the TCFD Report 2022.

# RISK CULTURE

We promote risk culture through internal socialization channels and the virtual Risk Management Course, with which we reached **2,600 employees trained.**

We mobilized the risk culture at all levels and geographies through workshops with the teams that integrated self-management tools and the risk management application.

Likewise, we share best practices with peers in the industry, companies, and academia through events of national and international scope, spaces for exchanging experiences, and visits to our facilities.

## Dow Jones Sustainability Index Risk Management

We obtained

**100 %**

**IN THE RATING**

of the Dow Jones Global Sustainability Index Risk Questionnaire

We were recognized, **for the third year in a row,** for best practices in our Risk Management.

The Concrete Plant in Cartagena, Colombia

# MATERIALITY ANALYSIS

Materiality Analysis is one of the most important concepts in the business strategic definition and in the development, execution and presentation of sustainability results.

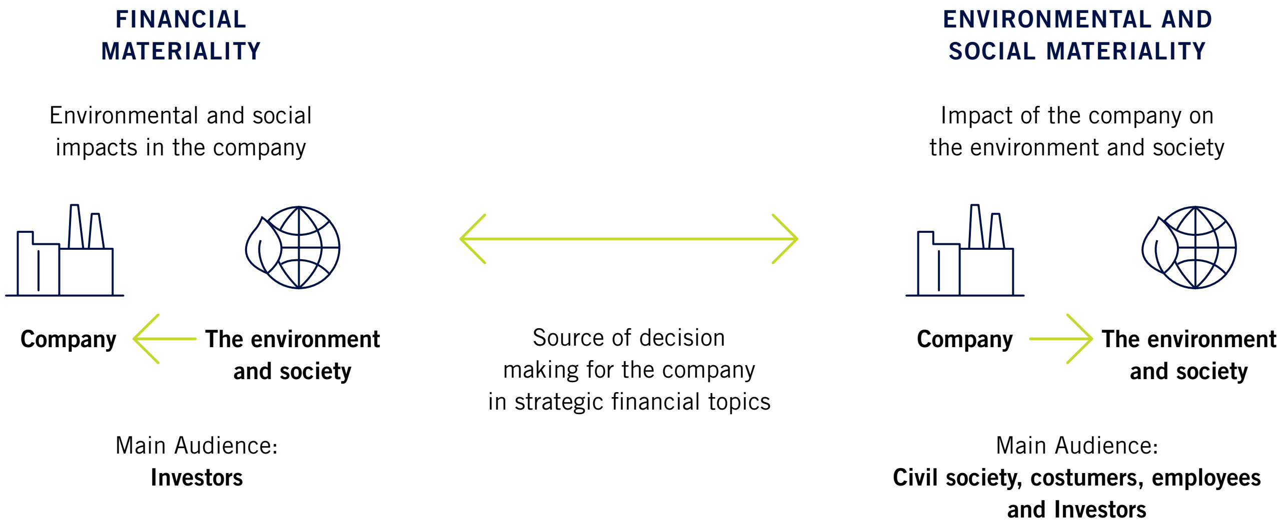
This analysis is carried out with a methodology that allows us to identify the issues that are key to the organization and the relationship with stakeholders. Likewise, it becomes the guide for Argos' ESG Management in the short and medium term and helps us prepare for the future by making more solid decisions, evaluating new business opportunities, examining potential risks and the improvement of communication strategies.

In 2022, **we carried out the double materiality analysis,** with the support of Deloitte.

This exercise allowed us to analyze how the company impacts the environment and society and how these directly influence sustainability in the short, medium and long term. The Materiality Analysis was carried out at the corporate level and **a characterization was defined for the United States Regional, considering the importance of having a matrix regarding the listing in the public stock market.**

The methodological focus of the Project allowed the material issues to be embedded in the business strategy, reaching a unified perspective with the sustainability, planning and risk teams that, undoubtedly, will facilitate the management, measurement and transparent reporting of progress in ESG to the different stakeholders."

**Claudia Restrepo**
Sustainability and Climate Change Partner, Deloitte Spanish Latin America




**The process for the new ESG Materiality was developed through four steps:**

**1.**

**Analysis of the external context:** Through specialized software, external risks and opportunities linked to ESG issues from different industries and peers in the construction sector were monitored; with this, prioritized stakeholders were identified. We also obtained data on regulatory environments, the media, corporate disclosure, among others.

**2.**

**Analysis of the internal context:** Critical issues for the organization were identified, based on the previous materiality exercise, the understanding of risks, trends and the connection with the new strategic pillars.

**3.**

**Whiteboard / Dashboard Qualification Exercise:** Conversations and interviews were held with different strategic areas of the company in all the regions and the teams that lead the relationship with the different stakeholders. These conversations and interviews allowed analyzing, complementing and validating the issues initially recognized in the external and internal referencing. The conversations were developed with a "dashboard exercise" to classify the different material topics according to their level of relevance and relevance within the organization: Critical importance, very important and important or baseline.

**4.**

**Consolidation of the Materiality Catalogue:** Finally, the results obtained in the previous steps were verified and analyzed to consolidate the information in a materiality catalogue that includes: the company's strategic pillars, the final material issues, the alignment with GRI, SASB and Sustainable Development Goals (SDG) indicators, prioritized stakeholders and performance indicators.

# NEW MATERIALITY

As a result of the process, we obtained **eleven prioritized material topics**, which are divided in three levels of criticality and are based on Argos' six strategic pillars:

## Strategic Pillars

**Company Value**
1. The company's Profitable Growth and Fundamental Value
8. Business Ethics, Compliance and Integrity

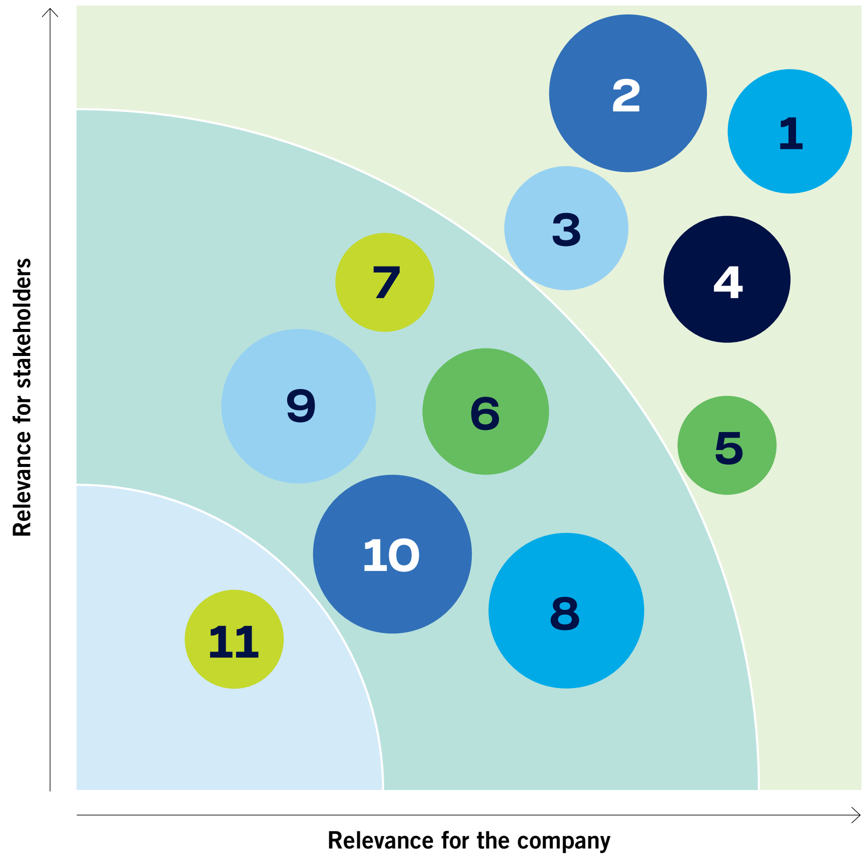
**Road to Net Zero**
2. Climate Change Mitigation and Adaptation
10. Environmental Management

**Costumer Centricity**
3. Costumer Experience
9. Portfolio of Products and Services with Sustainability Characteristics

**Smart Growth**
4. A Resilient Supply Chain

**People Revolution**
5. Talent Management and Inclusion
6. Personal Safety, Health and Welfare

**Social Value Creation**
7. Social Value
11. Human Rights




*The size of the circles assigned to each material issue corresponds to their interaction with the company's strategic and emerging risks.*

## Issues of Critical Importance

Highly relevant issues for the organization and its stakeholders, which require short-term strategic definitions.

### THE COMPANY'S PROFITABLE GROWTH AND FUNDAMENTAL VALUE

For us is a priority the improvement of initiatives around closing the gap between the price that is reflected in the share and its fundamental value through the focus on results, the increase in dividend distributions, the improvement of visibility, and the scaling of digital solutions, among other practices.

### CLIMATE CHANGE MITIGATION AND ADAPTATION

We implement changes to mitigate, adapt and be resilient to Climate Change. For this, we focus on reducing $CO_2$ emissions, making efficient use of energy and seeking means of transition to renewable sources, taking advan-tage of alternative materials and fuels available for processes and managing the risks and opportunities associated with climate management.

### COSTUMER EXPERIENCE

Our costumers are our reason for being. Our premise, in addition to delivering products and services that satisfy all their needs, is to provide a differentiated, safe and effective service through proposals and technological solutions that are accessible, affordable and innovative, which allow our costumers to improve their management and even save time and cost.

### A RESILIENT SUPPLY CHAIN

A resilient supply chain includes continuous, integrated Supply Chain Planning, which is linked to the long-term business strategy and leads to minimizing risks, maximizing opportunities, meeting costumer expectations and maintaining high levels of service, while maintaining net working capital and costs under control, resulting in a profitable operation.

### TALENT MANAGEMENT AND INCLUSION

Management to attract and retain the best talent by promoting diversity and equal opportunities, as well as the implementation of health and well-being measures that allow us to face new challenges and trends in the labor market.

## Very Important Issues

Key issues for our stakeholders and the company, due to their potential impact in the medium term.

### PERSONAL SAFETY, HEALTH AND WELFARE

The Comprehensive Occupational Health and Safety System is aligned with the most relevant internationally defined standards to identify, evaluate and mitigate risks in different operations, with the goal of zero incidents and zero occupational diseases, to generate optimal physical and mental working conditions for employees and other people who interact with our facilities.

### SOCIAL VALUE

Permanent work carried out by the company by identifying, recognizing and considering the particularities and specific needs of the territories where it operates, to generate a positive impact and become an ally of local development. It contemplates Argos' responsibility in the relationship with the communities, which is when it transcends its role in the territory by promoting respect, human rights and relationships of trust that determine joint growth.

### BUSINESS ETHICS, COMPLIANCE AND INTEGRITY

These are fundamental and non-negotiable values that have allowed us to consolidate ourselves as a reliable company for all our stakeholders. We integrate these principles into everything we do, to responsibly generate value for our business and society through the development of an ethical, transparent environment that promotes the correct way of doing business to always ensure the integrity of the market and the industry.

### PORTFOLIO OF PRODUCTS AND SERVICES WITH SUSTAINABILITY CHARACTERISTICS

As part of our value proposal, we offer our costumers a portfolio that promotes responsible consumption, contains sustainability characteristics and, in turn, responds to the challenge of contributing to the consolidation of resilient territories.

### ENVIRONMENTAL MANAGEMENT

The management of renewable and non-renewable natural resources that interact with our operations and the value chain, which contributes to their protection and permanence for future generations. The care of water, biodiversity and air quality are prioritized elements in this aspect, since they confer characteristics to the different ecosystems and are essential to develop and maintain prosperous, healthy economies.

## Important Issues

Issues on which there are long-standing standards and practices, and which require constant management.

### HUMAN RIGHTS

Commitment to the respect, protection and promotion of Human Rights with all our stakeholders and company management to control the possible risks derived from our operations.


A hardware store costumer; Colombia

## A COMPARISON WITH THE PREVIOUS MATERIALITY

- **The New Double Materiality Exercise,** in addition to taking into account the ESG guidelines and the corporate strategy, which focuses on the six pillars of Argos, included the analysis of topics such as the relevance of innovation and the development of a portfolio of products with sustainability characteristics. The importance in the difference of issues such as human rights and the relationship community in the United States and Latin America, such as the importance of transparent communication of performance and financial and non-financial results to the market, taking into account the new standards and recommendations of investment funds.
- **The Company's Profitable Growth and Fundamental Value as a New Material Issue** and classified among the most relevant, considering the impact on profitability, adaptation to new market dynamics and the relevance of this topic for investors.
- **The Rise of the Climate Change Issue as One of the Most Critical Issues** for the industry and our company, supported by global trends and commitments recently acquired with initiatives, such as the SBTi and the GCCA. The foregoing, to comply with our goals: To reduce our $CO_2$ emissions in cement operations by 29% by 2030 and offer carbon-neutral concrete by 2050.
- In the previous materiality exercise, the **Supplier Management** issue was classified as emerging. Aware of the criticality that this issue has in the proper development of our business, in the new materiality exercise, **it is given high importance;** likewise, more global criteria are incorporated within the Resilient Supply Chain topic.
- **The Social Value Material Issue,** previously classified as Community Relations, allows us to cover much more than what is done in the areas of influence, since it includes social aspects that contribute to the development of the countries where we operate.
- **The importance that Transparent Communication** about performance and financial and non-financial results **continues to have for the market**, considering the new standards and recommendations of investment funds.
- **With This Exercise, Costumer Experience Became Relevant as a Material Issue**, considering the importance of issues, such as innovation and the development of a portfolio of products with sustainability characteristics that contribute to improving their experience throughout the process.

# STAKEHOLDERS

Due to the constant change of our environment, every day we face greater challenges to respond in an agile, timely manner to those who are directly or indirectly related to our company. For this reason, stakeholders are increasingly relevant and require the establishment of permanent relationships of trust and interaction, based on transparency, open dialogue, respect for equality and the principles of diversity and inclusion, to also facilitate joint initiatives that contribute to social transformation.


A hardware store costumer and an Argos Commercial Advisor; Colombia

## IDENTIFICATION AND PRIORITIZATION OF STAKEHOLDERS

Stakeholders may be directly or indirectly impacted by the development of our activities. Also, being a two-way relationship, they can influence the development of our operations in different ways.

Stakeholder identification is carried out through the analysis of our value chain and the company's points of interaction with the groups of people internally and externally.

As a result of this process, we currently have **eight stakeholders prioritized**, based on relationships of dependency, influence and closeness and on the effects that we may have on them and vice versa.

- COSTUMERS
- EMPLOYEES
- SUPPLIERS
- COMMUNITIES
- INVESTORS
- THE MEDIA
- ASSOCIATIONS AND GROUPINGS
- AUTHORITIES

Find more details about our stakeholders.

Consult the Stakeholder Matrix in detail.

# ENGAGEMENT

In order to meet the relationship needs with our stakeholders, we have defined different official communication channels and meeting spaces to exchange information and build links that facilitate interaction.

As direct communication channels, we have designated leaders who maintain constant contact with stakeholders. Likewise, we have the Transparency Line, through which any person can communicate to report complaints and concerns about the processes and our conduct and express their opinions freely.

During 2022 we had a total of 174 reports, distributed among the different stakeholders as follows:

### REPORTS RECEIVED IN 2022 THROUGH TRANSPARENCY LINE

| | | | |
|---|---|---|---|
| Costumers | 6 | Communities | 35 |
| Suppliers | 21 | Employees | 81 |
| Shareholders | 0 | Others * | 31 |

* The category OTHERS corresponds to the reports that are registered anonymously.

Learn more details about the different Relationship spaces.

Likewise, for the relationship with the communities that live in the areas where we operate, we have a key methodology, with which we classify them by dependency and the position they have vis-à-vis the company. In this way, we know which are the most relevant issues and we define if we should carry out activities to keep these inhabitants more informed or increase the frequency of communication, as well as if we should include them in consultations to make decisions and, thus, minimize the risks that can be derived from the relationship with them.

The results of this direct management are inputs for dialogue spaces that, at the same time, are disseminated through social networks, Webpages, direct communications and the Integrated Report itself.

In the same way, we have other spaces that arise naturally during the year, such as conferences, follow-up meetings, audits and scheduled visits.

**+300**

**HOURS OF DIALOGUE**
and the participation of **all stakeholders** from the three Regionals in the workshops to define the Double Materiality

In the relationship spaces, the aim is to **report on our management, receive feedback and build solutions** that impact the way in which we approach issues that are relevant to both parties.

## RELATIONSHIP SPACES 2022

### Employees

- Periodic seminars, events with senior management
- Performance Management
- Intranet and virtual media
- Plant Committees

### Communities

- Community Committees
- Local Relationship Plan
- Volunteers
- Individual visits and meetings

### Costumers

- Advice and support
- Costumer Service Line
- Specific events
- Individual visits and meetings

### Suppliers

- Supplier evaluation
- Specific topic Webinars
- Newsletter
- Conversations

### Authorities

- Local Relatioship Plan
- Integrated Report
- Meetings

### The Media

- Press Room
- Webpage
- Social Networks
- Events

### Associations and Guilds

- Joint work tables
- Sustainability dialogues
- Webpage
- Participation in Boards of Directors
- Events

### Investors

- Annual Assembly
- Investor Day
- Webpage
- Individual meetings
- Periodic communications

TRANSPARENCY LINE

## INVESTOR DAY

In 2022, we held a specialized event in which we had the opportunity to strengthen the relationship between our investors and the management and investor relations teams. In this meeting, we shared Argos' vision of the future, sustainability, the reality of our businesses, the prospects for financial performance and, additionally, we visited the Cartagena Plant, one of the most important cement facilities in Colombia, which has a port that connects it with the other territories where the company is present.

**+15**

**EXTERNAL GUEST**
from Colombia, Mexico and the United States participated in Investor Day

# SUSTAINABLE DEVELOPMENT GOALS (SDGs)

The SDGs approved in 2015 with goals for 2030 have as their main purpose that countries and societies implement joint efforts for the benefit of "leaving no one behind"; for this reason, and based on our commitment to sustainable development, at Cementos Argos, we integrate the 17 Goals in the daily management of our Material Issues and throughout our value chain, with emphasis on four goals aligned with the core of the business:

## PRIORITIZED SDGs

8 DECENT WORK AND ECONOMIC GROWTH | 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE | 11 SUSTAINABLE CITIES AND COMMUNITIES | 13 CLIMATE ACTION

### THE COMPANY'S PROFITABLE GROWTH AND FUNDAMENTAL VALUE

8 DECENT WORK AND ECONOMIC GROWTH | 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE | 11 SUSTAINABLE CITIES AND COMMUNITIES | 17 PARTNERSHIPS FOR THE GOALS

We contribute to the construction of infrastructure that promotes economic development and connects territories

**Strategic Pillar:** Company Value

| Indicator | Status 2022 | Target 2030 |
|---|---|---|
| Net Debt / EBITDA | 2.8 veces | Permanent |

### CLIMATE CHANGE MITIGATION AND ADAPTATION

7 AFFORDABLE AND CLEAN ENERGY | 13 CLIMATE ACTION | 17 PARTNERSHIPS FOR THE GOALS

Within the framework of the Climate Ambition Plan, we are committed to offering carbon-neutral concrete by 2050.

**Strategic Pillar:** Road to Net Zero

| Indicator | Status 2022 | Target 2030 |
|---|---|---|
| Specific $CO_2$ emissions – Scope 1 (Kg $CO_2$/t of cementitious material | 637 | 523 |
| Specific $CO_2$ emissions – Scope 2 (Kg $CO_2$/t of cementitious material | 29 | 23 |

### COSTUMER EXPERIENCE

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE | 12 RESPONSIBLE CONSUMPTION AND PRODUCTION | 17 PARTNERSHIPS FOR THE GOALS

We constantly develop and implement innovative actions to offer products, services and solutions that meet current challenges and satisfy the needs of our costumers.

**Strategic Pillar:** Costumer Centricity

| Indicator | Status 2022 | Target 2030 |
|---|---|---|
| Net Promote Score % | 59.6 | 64.2 |

## A RESILIENT SUPPLY CHAIN

**Strategic Pillar:**
Smart Growth

In the management with our suppliers and strategic allies, we transfer knowledge, promote the development of good practices and recognize those who are an example of sustainable, innovative, safe and responsible management.

| Indicator | Status 2022 | Target 2030 |
|---|---|---|
| Suppliers evaluated in Sustainability in the last three years (%) | 52 | 61 |

## TALENT MANAGEMENT AND INCLUSION

**Strategic Pillar:** People Revolution

We respect, promote and value diversity, inclusion and the principles of equal opportunities at work that promote fair, equitable and transparent treatment and allow us to learn from differences to generate sources of competitive advantage.

| Indicator | Status 2022 | Target 2030 |
|---|---|---|
| Leadership positions held by women (%) | 29.8 | 35 |

## PERSONAL HEALTH, SAFETY AND WELFARE

**Strategic Pillar:** People Revolution

Our industrial health and safety values mobilize us every day to achieve zero injuries, illnesses and affectations to our stakeholders. They also allow us to transcend beyond our workplaces for the benefit of everyone around us.

| Indicator | Status 2022 | Target 2030 |
|---|---|---|
| Frequency Index (#) | 0.89 | 0.96 |
| Severity Index (#) | 31.6 | 35 |
| Serious injuries in our employees (#) | 7 | 0 |

## SOCIAL VALUE

**Strategic Pillar:**
Social Value Creation

Our relationships with stakeholders are based on the principles of respect, the promotion of Human Rights and the construction of relationships of trust to generate development opportunities and promote joint growth.

| Indicator | Status 2022 | Target 2030 |
|---|---|---|
| Leverages resources (#) | 22 | 30 |
| Beneficiaries impacted (#) | 577,634 | 630,000 |

## BUSINESS ETHICS, COMPLIANCE AND INTEGRITY

**Strategic Pillar:** Company Value

We integrate ethics and transparent behavior into our strategy, processes and operations to responsibly generate value for the Business, our stakeholders and society

| Indicator | Status 2022 | Target 2030 |
|---|---|---|
| Employees trained in the Code of Conduct and its associated Policies (%) | 70 | 75 |

## PORTFOLIO OF PRODUCTS AND SERVICES WITH SUSTAINABILITY CHARACTERISTICS

**Strategic Pillar:** Costumer Centricity

We seek to reduce the impacts in the value chain and in construction throughout its life cycle, through the development of a portfolio of products, solutions and services with sustainability characteristics.

| Indicator | Status 2022 | Target 2030 |
|---|---|---|
| **A-CS1** Total Income for products with sustainability characteristics (USD) | 1,568 Million | 800,000,000 |

## ENVIRONMENTAL MANAGEMENT

**Strategic Pillar:** Road to Net Zero

We contribute to the permanence of natural resources for future generations, through the commitment to adequately manage the impacts created on water, air and biodiversity, with the integration of circular economy principles.

| Indicator | Status 2022 | Target 2030 |
|---|---|---|
| Specific water consumption in cement (L/t cement) | 227 | 245 |
| Specific water consumption in concrete (L/m³ concrete) | 334 | 216 |
| Specific water consumption in aggregates (L/t aggregates) | 112 | 94 |
| Active and inactive quarries with high biodiversity value with a Biodiversity Management Plan (%) | 76 | 85 |
| Released areas rehabilitated in active and inactive quarries (%) | 82 | 90 |
| Particulate Matter (PM) Emissions (g/t clinker) | 76 | 45 |
| Percentage of alternative raw materials in cement (%) | 10 | 16 |
| Percentage of supplementary cementitious material (%) | 13 | 15 |
| Substitution of caloric consumption of fossil fuels with alternative fuels (%) | 5.8 | 33 |

## HUMAN RIGHTS

**Strategic Pillar:**
Social Value Creation

We are committed to preventing, identifying and repairing the negative consequences on Human Rights that our operations and businesses may cause.

| Indicator | Status 2022 | Target 2030 |
|---|---|---|
| A Human Rights Committee to monitor the due diligence process and risk management in this aspect with prioritized stakeholders | Conformed | Four meetings a year |

Consult the SDG Panel here.

An employee in Colombia

# STATEMENT OF THE VALUE ADDED TO SOCIETY (VAS)

We are committed to generating sustainable value hand in hand with our stakeholders; for this reason, through the Statement of Value to Society, we seek to quantify it through the economic, social and environmental effects that derive from our operations. With the VAS, we also seek to ensure that all the actors in our chain perceive value and benefits from our presence and identify those areas in which we must improve to continue being allies.

Currently, our model monetizes the impacts generated by our three Regionals, Colombia, Central America and the Caribbean, and the United States, and the Cement, Concrete, and Aggregates Business Units.

## VALIDITY OF THE MODEL

The first impact assessment exercise was carried out in 2015 and since then we have published the results of our VAS annually. Every year, the assumptions and multipliers of the model are reviewed, they are updated in accordance with the essential advances and the main trends in valuation; in this way, we make sure that it remains current and relevant.

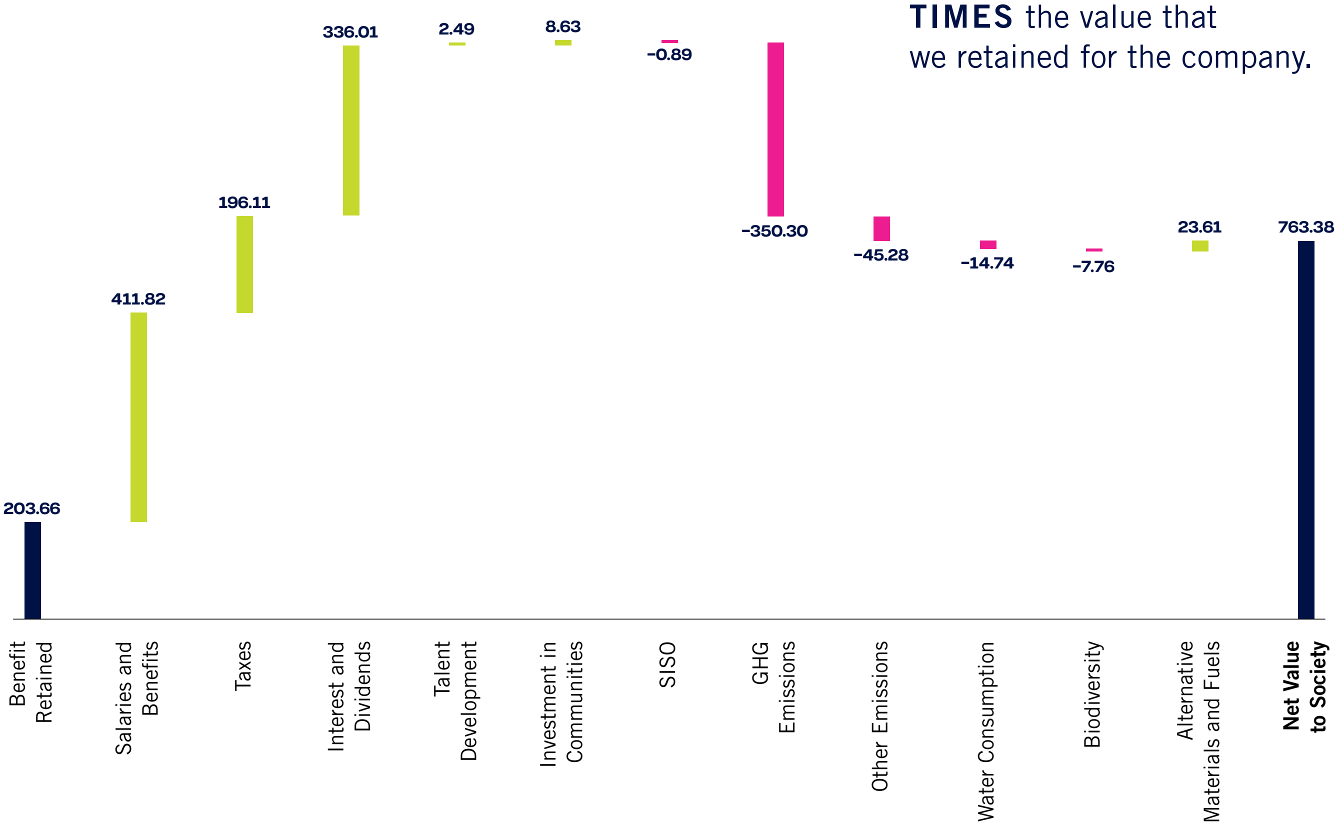
Learn more about our VAS.

## VAS RESULTS

In 2022, we contributed to society

**3.75**

**TIMES** the value that we retained for the company.




The results of the VAS show the social and economic influences, the economic growth in the countries where we are present, the behavior of the sector in the construction of housing and infrastructure, consumer confidence and the purpose of working for the progress of countries, costumers, communities, employees and investors who trust us that we face. For this reason, to the excellent news of our all-time highs in terms of consolidated revenue and operating EBITDA, we added the increase in the company's net value since we contributed more than USD 760 Million.

**The principal lines of work that maximized the positive impacts were:**

- The payment of salaries and benefits, interest and dividends that allow the economy to be revitalized
- The development of talent, with a focus on equity, diversity, employee training and care for their health and well-being
- Working together and investing in the communities, which positions us as better neighbors and allies
- The identification of environmental externalities, which allow us to be more aware of the use of natural resources and our role as agents of change

Next, we present the results by dimension, of our 2022 valuation exercise.

Delivery of the sewerage system in the Jerusalem township, in Sonsón, Antioquia.

## Economic Dimension

### SALARIES AND BENEFITS

**USD 411,823,754**

Through the payment of salaries and benefits to our employees, we contribute to the revitalization of the economy and support the development of our entire team. This externality increased by 0.6%, compared to the previous year, which reflects the stability that the company offers its employees and their remuneration levels.

### TAXES

**USD 196,113,798**

By paying taxes, we contribute to the development of the countries where we operate. In 2022, the company had very good results in terms of Income, which brought higher contributions in tax obligations; these payments increased by 5% over the previous year. In the accumulated between 2021 and 2022, we have increased the payment of taxes by 52%, which is positive after a pandemic period in which this item had dropped considerably.

### INTEREST AND DIVIDENDS

**USD 336,015,845**

We are fully focused on producing better and better financial results that repay the trust of our Investors. In 2022, we carried out several initiatives focused on maintaining constant, transparent communication and generating greater value for this Stakeholder, always seeking that our actions reflect the company's true value and its growth opportunities.

This externality had an increase of 57% compared to the previous year, primarily due to the increase in interest payments in the Colombia and United States Regionals.

## Social Dimension

### TALENT

**USD 2,498,603**

The impact of this externality depends on the turnover of our human talent, the total number of training hours offered and the ratio between men and women. This externality increased by 27.17%, explained by the increases in the number of employees in the United States, and the Central America and the Caribbean regional offices. Likewise, there was significant growth in the hours of training in these regionals. On the other hand, this externality was positively impacted by the number of people who left the company, because they take with them the knowledge and experience acquired to be applied in new scenarios.

In 202,2 we reported a total of **251,570 hours of training** to our employees.

The Sanitary Modules Project in the community of La Cáucara, Honduras

### INVESTMENTS IN THE COMMUNITY

**USD 8,638,392**

In 2022, we showed an increase of 168.5% in this externality. This is due to the commitment of continuing to invest and generate development hand in hand with our communities and to the fact that this year, we redefined our lines of social investment with the objective of their achieving a more rigorous representation of the contributions we make in the territories. We highlight significant increases in Colombia, and the Central America and the Caribbean Regionals, specifically in the lines of housing, linked to the *Hogares Saludables* Program, and educational infrastructure.

### OCCUPATIONAL HEALTH AND SAFETY

**USD –894,361**

For Argos, the health and life of employees will always be the most important thing. In 2022, this externality presented a negative behavior of 27%, due to the increase in long absences reported by employees in the Central America and the Caribbean and the United States Regionals. In 2023, we will continue to be committed to contributing to the development of a safe, healthy society; for this reason, we focus beyond ZERO (zero injuries, illnesses and affectations to our employees and stakeholders) to generate awareness about well-being and the value of life.

## Environmental Dimension

### GHG EMISSIONS

**USD –350,305,266**

GHG emissions represent the global impact that we generate on all people. They also refer, above all, to our Scope 1 and 2 $CO_2$ emissions. This externality had a negative increase of 3.6%, explained by an increase in cement production of nearly 5%. On the other hand, during a large part of the year, there was a greater demand for coal exports, due to the increase in international prices, which affected the internal offer and the supply of good quality thermal coal.

### ATMOSPHERIC EMISSIONS

**USD -45.282.131**

Atmospheric emissions also had a lower performance compared to 2021, since they increased by 14.87%. This, in part, was due to increases in production and other variables in production processes.

### WATER AND BIODIVERSITY

**USD -22,504,136**

The cost associated with this externality increased by 26.8%. We understand that our productive activities have impacts on ecosystems; for this reason, in 2022, we saw increases in water consumption in our three Regionals and in the intervened areas in the Central America and the Caribbean.

### ALTERNATIVE MATERIALS AND FUELS

**USD 23,614,446**

This externality decreased 18.5%, due to multiple variations in the availability of alternative materials and fuels in the three Regionals. We sought to increase the use of ash and slag and fuels, such as tires and biomass, aimed at betting on more sustainable production.

## OTHER HIGHLIGHTS OF OUR MANAGEMENT

### VAS Countries

During 2022, we continued working with local teams to apply this corporate model to the reality of the territories. We are currently able to carry out the impact assessment exercise, in aggregate or individually, for all our operations. The results are used in multiple ways by each country, always with the purpose of improving the processes for decision making and the management of our facilities.

### VAS Plants

We were able to bring our VAS model to operations. We carried out this pilot with the Piedras Azules Integrated Cement Plant, in Honduras. This allowed us to quantify the value it generates in its area of influence and obtain inputs to strengthen communication with its stakeholders.

One of the major conclusions of this pilot is the challenge posed by consolidating such specific data at a more micro level, which will imply a possible action plan that allows us to improve the understanding and collection of input data.

### Adjusting the Tool

One of our great achievements in 2022 was to adjust and improve the VAS Tool through the development of an application that makes the model more flexible with the aim of using it in plants and projects. With this, we were able to quantify the calculation of inflation, exchange rates and multipliers much more precisely.

## THE NEXT STEPS FOR 2023

- Aware that every day we face changes and transformations, the biggest challenge with the VAS Model is to keep it updated and that it really manages to be a representation of the reality of our processes. In 2023, we will seek an audit by a third party to identify opportunities for improvement and validate its validity.
- We know that, given the technical component of the VAS, one of the main challenges is to communicate it to the different stakeholders. For this reason, in 2023 we will continue generating strategies that allow us to disseminate clear results to various audiences so that they can be inputs in permanent dialogues.

# 03

## SPOTLIGHTS OF ACTION


# WE CON


"Érica Loo has been our costumer for more than two years. *El Espino* is her hardware store and it is located in *La Chorrera*, in Panama. With her 10 employees, day by day, with passion and effort, she delivers solutions that contribute to the materialization of housing dreams and infrastructure in the country."

# ICRETE

## CLEAR GOALS

IN THE WEB


# THE COMPANY'S PROFITABLE GROWTH AND FUNDAMENTAL VALUE

**SDG**


**Impact on the Business**
- Income

**Strategic Pillars of Sustainability**
- Company Value

A Colombian employee in the Guillermo Gaviria Echeverry Tunnel, a work with the Argos Seal

Aware of the competitiveness of the market, the challenges that we are currently experiencing as a company and the need to close the existing gap between Argos' fundamental value and its market capitalization in order to maximize the generation of value for our Investors, we intend to intelligently and profitably grow in the long term.

**For this reason, we are committed to:**
- Increasing our operational efficiency
- Optimizing our logistics network
- Strengthening our value proposition through the development of innovative solutions that promote the competitiveness of our costumers
- Using technology and platforms with great development potential to build high-value relationships with stakeholders.

## MANAGEMENT OBJECTIVES

### For the Company

Respond to the demand for sustainable, profitable value generation for our stakeholders, convinced that this translates into business strength and growth, long-term profitability for all our Investors and building a better society.

### For Society

Adapt to changes and fluctuations in the global macroeconomic context, with sustainability at the core of our strategy, in order to strengthen our value proposal and generate profitability.

## HOW IT IS MANAGED

To achieve the Objective of generating profitability and growth, we focus on:

**SHARE PRICE MANAGEMENT**
Decision making with the objective that our share price reflects Argos' fundamental value.

**FINANCIAL MANAGEMENT**
Management of the sources and use of the company's resources to ensure a capital structure that supports the generation of long-term value.

**PROFITABILITY OF OUR OPERATIONS**
Efficiency and productivity of our operations, in line with the prioritization of the use of our resources.

**SCALING OF DIGITAL SOLUTIONS**
Improvement of the Costumer Experience through our digital platforms and the optimization of processes based on artificial intelligence, machine learning, automation, and robotics, among others.

**NEW INITIATIVES**
Projects complementary to the company's value proposal, which represent new business opportunities or efficiencies for our operations.

## PERFORMANCE 2022

### Share Price Management

During 2022, ordinary and preferred shares closed at record lows on the Colombian Stock Exchange (BVC, in Spanish) with reductions of 41% and 39%, respectively.

This performance was associated with structural market phenomena, such as the lack of liquidity and the temporary decrease in institutional investors, which had a downward impact on all issuers and which - in our case - does not represent the solidity and health of the company's fundamentals.

For this reason, as a priority for 2023 we are assuming the commitment to promote and improve initiatives around closing the gap between the price that the Share is reflecting in the BVC and its fundamental value; for this, we designed and began the execution of the comprehensive plan SPRINT, an acronym for Share Price Recovery Initiative.

This is an articulated program that systematically addresses the main and diverse causes of the aforementioned decoupling, which covers five lines of work:

1. Maintain focus on solid operating and financial results with an emphasis on profitability.
2. Significantly increase the distributions of Dividends to our shareholders in 2023, with a total amount of COP 445 Billion.
3. Launch a Share Repurchase Program.
4. Improve the visibility of the value of our operations and continue the process to list our United States business in the New York Stock Exchange.
5. Improve the liquidity of our ordinary shares by signing a local market creation contract, for them to again be eligible for repo operations within the Colombian Stock Exchange.

> We are very proud to celebrate the completion of this megaproject that will allow us to substantially increase exports to the United States and Central America and the Caribbean and strengthen the connection with our costumers and allies. Undoubtedly, this milestone is a reflection of our intention to invest decisively in the country to contribute to the economic recovery and enable a more sustainable, prosperous and inclusive society."

**Carlos Horacio Yusty,** VP of the Colombia Regional of Cementos Argos

## A Year of Extraordinary Results

During 2022 we dispatched **16.2 million tons of cement, 7.5 million cubic meters of ready-mix** concrete and we achieved an operating EBITDA of **COP 2.1 Trillion, growing 6.6%** compared to the previous year, which translates into a historical record for Cementos Argos.

These results have been possible thanks to the successful execution of three main pillars:

- A careful strategy in our production processes, which includes the reliability of operations and capacity expansion initiatives in plants of high importance for our integrated presence in the region and in the supply chain, which has allowed us to maximize deliveries in a context of complex restrictions derived from global disruptions.
- Promotion of vertical integration through the optimization of our logistics network and supply chain to integrate operations and achieve the highest efficiency in operating costs.
- An effective pricing strategy that has resulted in increases in the value of our cement of **16.7%** in the US, **21.2%** in Colombia, and **25%** in Central America and the Caribbean, offsetting cost inflation.

Our operating EBITDA grew **6.6%** compared to the previous year, which translates **into a historical record for Cementos Argos.**

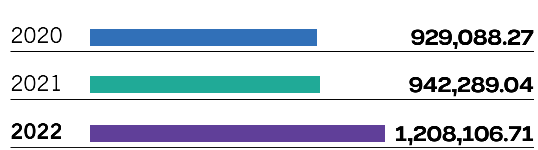
## We tripled the export capacity of the Free-Trade Zone Port Terminal in Cartagena

The expansion of the Port of Cartagena allowed us to achieve historic highs in our export volumes, to seek to maximize the company's profitability, to increase production from the most efficient plant in Colombia, and to take advantage of the logistics network to deliver the product to operations in the Caribbean, Central America and the United States.

This project, which began in 2021, was officially inaugurated in the first quarter of 2022. The expansion had an investment of approximately USD 42 Million and made it possible to increase export capacity by 227%, which represents up to 3.5 million tons per year.

The infrastructure has technology that allows transporting 1,200 tons of cement and 900 tons of clinker per hour directly from the storage silos to the ships, which allows for efficient unloading and truck displacement times and, consequently, reduces atmospheric emissions.

**Tons of Cement Exported from Cartagena (CTG)**



## Optimization of the Logistics Network

This represented one of the most relevant milestones in terms of profitability for the organization and its operations in all the regions. This optimization is the result of a conscious exercise of disinvestment and improvements in our export capacity, which - through an efficient logistics connection - allows us to meet increased demand in territories that offer greater value for the product and integrate facilities where previously third party sourcing was required. This represents one of Argos' main competitive advantages.

This initiative has made it possible to build increasingly solid positions in large metropolitan areas, fine-tune the logistics network and reduce corporate debt in relative terms. Currently, thanks to our strategy focused on profitability and savings, we are meeting the goal of net bebt EBITDA of less than three (3).

From the Port of Cartagena, we delivered product to operations in the United States, Central America and the Caribbean.

Our leverage index continues its path of decline and stands at

**2.8**

**TIMES,** the lowest in the last nine years.

In 2022, from Cartagena, we were able to supply our operation in Houston, the United States, with

**+1.2**

**MILLION TONS OF CEMENT**

## Performance in the United States Regional 2022

At the end of 2022, the United States Regional represented 57% of Cementos Argos' revenues. This approach was the result of the conscious execution of the strategy, which was enabled by the optimization of the logistics network, the favorable dynamics of the US market and the strategy of capturing the highest profitability per ton shipped, which included:

**1.** Strong growth in the market, driven by local production.

**2.** A local cement industry that is incapable of matching the demand.

**3.** A business sector that has had good development in the last year.

**6.1**

**MILLION TONS OF CEMENT** were dispatched, in this Regional, allowing a **4% growth** compared to the previous year.

## Sustainability Indicators: A Strong Competitive Advantage When Accessing Financing

Our focus on sustainable management has opened the possibility of financing through loans linked to environmental, social and corporate governance criteria. This enables us access to financial products with better contractual conditions. Some of the benefits provided by this financing are:

1. Obtaining lower interest, since when meeting the defined performance, discounts are granted on interest rates.
2. Improving reputation, by demonstrating Argos' commitment to the different dimensions of sustainability and alignment in the company, by synchronizing ESG indicators and goals with financial and non-financial decision making.
3. Achieving financial flexibility, by having access to funds that are dedicated to projects and companies committed to their improvement in terms of ESG.

Currently,

**31%**

**OF THE COMPANY'S DEBT** is tied to credit associated with sustainability indicators.

Employees in Tampa, the United States

In 2022, Argos North America entered into a new credit and guarantee agreement that provides for loans of up to USD 750 Million to replace existing debt.

**We currently have the following credits tied to ESG indicators:**

| | |
|---|---|
| **BBVA** | General performance in sustainability – DJSI Results |
| **Bancolombia** | Specific $CO_2$ emissions<br>Specific water consumption for cement<br>Sustainability evaluations on suppliers |
| **Bank of Nova Scotia, BNP Paribas, JPMorgan Chase Bank, Sumitomo** | $CO_2$ emissions<br>Sustainability evaluations on suppliers |

## Digital Transformation of the Value Chain

The objective of digital transformation is to optimize our operations, capture efficiencies and enhance human talent. For this we use Industry 4.0 Enablers, such as:

- Artificial intelligence
- Digital twins
- Automation and robotics
- Advanced analytics

### DIGITAL TWINS

We currently have 52 Digital Twins models in 13 cement operations; they look for:

- Optimizing the mixtures of raw materials and the specific energy consumption in the cement and crude oil milling, which allows us to deliver a more homogeneous product;
- Reducing $CO_2$ emissions by optimizing fuel consumption in the kiln;
- Increasing production capacity in milling, which allows us to achieve a more efficient use of assets in markets where demand exceeds capacity;
- Optimizing the clinker/cement factor, which, in turn, allowed the release of approximately 115,000 tons of clinker,

In 2022, we obtained savings for

**USD 7.8 MILLION**

and in 2023, we expect to capture **USD 12 Million.**

The Roberta Cement Plant, in the United States

Likewise, in concrete production, we have more than 190 connected plants. With this we achieve:

- Greater visibility on Key Quality Indicators, with which the Key Performance Indicators (KPIs) by plant and type of product are calculated in real time;
- Less variability in the final product;
- Prediction of the quality of raw materials and final product, as well as visibility on early resistances;
- Optimization of mix designs.

### OTHER TRANSFORMATION INITIATIVES IN THE VALUE CHAIN

**Digitization in processes in the United States Regional**

Our Future Tech, Digital Transformation and Concrete Operation Teams in the United States Regional developed a technology-based project that consisted of creating a robot that automates the capture of the quality results of the mixes from 17 external concrete laboratories to operations in Georgia, Florida, the Carolinas and Houston. This implementation made it possible to optimize the time spent on the manual import of results, minimize errors, and ensure data quality with 95% reliability.

A CASE OF SUCCESS

# TRANSITION TO PORTLAND LIMESTONE CEMENT (PLC) IN THE UNITED STATES REGIONAL

This project continues to make significant progress and has been instrumental in achieving volume growth in a depleted market and an improvement in the sales margin.

PLC is a high-quality blended hydraulic cement that is more environmentally friendly than traditional Portland cements. It is engineered with a higher limestone content and - when used in concrete-mix designs – it contributes to reducing the carbon footprint; all this while maintaining the aspects of resistance and durability.

One of the key points of the PLC is that it increases the number of additions and, consequently, reduces the clinker/cement factor, this being one of the critical points in the cement production process (due to its $CO_2$ emissions and its cost). By substituting one of the most expensive raw materials in cement for others with a lower price, we increase sales margins. This product also makes it possible to substitute imports by optimizing our product portfolio.

In 2022, the Roberta, Harleyville and Newberry Plants were fully converted to PLC. In this line, we are managing to replace one by one a cement with few additions (95% clinker), which allows us to increase the number of tons we produce.

At the close of 2022, **100%** of our production was PLC.

The Puente Aranda Concrete Plant; Colombia

### Improvements in Maintenance Areas

- We monitor more than 3,000 variables in more than 65 pieces of equipment in real time.
- We improve equipment reliability by reducing failures and breakdowns.
- We increase the progress of the equipment, with the use of virtual supervisors and predictive maintenance tools that monitor the most critical components.

### Contributions in Our Chain Supply

- We optimize the delivery of products.
- We digitize purchasing processes.
- We deliver reports in real time.

### We Transform Our Human Talent

- To promote the generation of value and increase the capacities of people to make timely decisions, we implemented a strategy that has impacted different areas of the company:

**Production:** Providing a greater possibility of analysis and identification of opportunities to incorporate in the digital models

**Treasury:** Through the prediction of income and cash outflows to optimize cash flow

**Demand Planning:** Through the incorporation of exogenous and controlled variables to project our sales

**Finance:** With the possibility of projecting financial results in advance

**Supply Chain:** From greater visibility to the planning and optimization of the delivery of our products

## Mechanisms to Face Cost Inflation in Fuels

### COLOMBIA

As a mechanism to face fuel inflation given global conditions, during 2022 we managed to negotiate coal supply contracts for our cement plants in Colombia; we set a price base and an additional payment based on the behavior of the Application Programming Interface (API) Indicator, an index of reference for the coal that is exported to northwestern Europe.

This allowed us to anticipate additional price increases in fuel. The operation of the plants was also guaranteed, which avoided cost overruns in cement production.

In 2023, we seek to consolidate and maximize the use of this type of coal in the plants in the northern zone (Cartagena and Toluviejo) with a focus on business profitability.

### HONDURAS

At the beginning of 2022, more than 54,000 tons of petcoke were purchased to ensure fuel needs throughout the year and part of 2023 and avoid exposure to rising international fuel prices.

### THE UNITED STATES

We have initiatives for coal supply contracts, hedging programs for natural gas and diesel, and electricity supplies that prevented us from multiple cost overruns.

**Coal Supply Contracts for Martinsburg and Newberry:** Both plants were covered by supply agreements that captured more favorable prices than those observed in the market. We estimate that, compared to spot prices, Argos avoided cost overruns of USD 20 Million, considering that prices tripled over several months.

## CHALLENGES

- Complete the listing of the United States business on the New York Stock Exchange (NYSE).
- Implement the Comprehensive SPRINT Plan to enhance the value we offer our shareholders.
- Improve the company's EBITDA Margin in the medium term, leveraging on price recovery, maximizing cement sales volumes in the total sales mix in the United States, and improving the performance of the ready-mix business in that country as well as in Panama and Colombia.

IN THE WEB

# MITIGATION AND ADAPTATION TO CLIMATE CHANGE

**SDGs**

7 AFFORDABLE AND CLEAN ENERGY

13 CLIMATE ACTION

17 PARTNERSHIPS FOR THE GOALS

**Impact on the Business**

- Risks

**Strategic Pillars of Sustainability**

- Road to Net Zero

Solar panels at the Comayagua Plant in Honduras

In Argos, we implement changes to mitigate, adapt and be resilient to Climate Change.

For this, we implement initiatives to reduce $CO_2$ emissions aimed at the use of alternative fuels and focused on optimizing the use of fossil fuels and the clinker/cement factor, energy efficiency, research and development of better processes, products and solutions, minimizing risks and enhancing the opportunities associated with this phenomenon. In this way, we ensure the company's competitiveness and permanence over time.

## MANAGEMENT OBJECTIVES

### For the Company

To mitigate the risks related to climate change, generate the necessary capacities to adapt our operations to the impacts of this phenomenon and enhance the opportunities derived from this problem through the efficient management of our plants and the research and development of better processes, products and solutions, to ensure the company's competitiveness and continuity over time.

### For Society

To contribute to face the challenges derived from climate change through the development of initiatives to mitigate $CO_2$ emissions; in addition, to strengthen efforts to offer products, solutions, and services with sustainable and low-carbon characteristics that help leverage adaptation capacities to this phenomenon and promote sustainable construction, while promoting the creation of social value in the geographies where we are present.

# HOW IT IS MANAGED

**At Argos, we manage climate change under three action lines:**

**Mitigation:** The reduction of direct and indirect $CO_2$ emissions.

**Adaptation:** Efficiently responding to the effects of Climate Change.

**Research and Development:** Innovative actions to compensate, carbon capture, generate carbon bonds, among others.

**To achieve these Lines, we focus our Management in:**

- The reduction of physical and transition risks and the strengthening of opportunities associated with climate change
- The search for permanent innovation
- The use of sustainable financing mechanisms
- Maintaining transparency in our decisions and good corporate governance practices

Learn more about the Climate Change Strategy

# PERFORMANCE 2022

## Mitigation of $CO_2$ Emissions

In 2022, we defined the goals and the roadmap to reduce Scope 2 $CO_2$ emissions in the cement business. Likewise, we submitted the company's Scope 1 and 2 objectives to the Science Based Targets initiative (SBTi) in order to validate them and continue working in a committed manner to achieve them.

In our first action line, we committed to reduce Scope 1 and 2 greenhouse gas emissions (GHG) by 21% per ton of cementitious material by 2030 compared to the baseline year*.

SCIENCE BASED TARGETS

**Science Based Target Initiative (SBTi)** is a collaboration among the Carbon Disclosure Project (CDP), the United Nations Global Compact, the World Resources Institute (WRI) and the World Wildlife Fund (WWF).

| | SCOPE 1 Cement | SCOPE 2 Cement | TARGET SBTi Scope 1+2 Company Total |
|---|---|---|---|
| **Baseline Year 2006** | **735** kg $CO_2$/t cementitious material | N/A | To reduce Scope 1 and 2 Greenhouse Gases emissions by 21% per ton of cementitious material by 2030 with regard to the baseline year 2021 |
| **Baseline Year 2021** | N/A | **30.1** kg $CO_2$/t cementitious material | |
| **Performance 2022** | **637** kg $CO_2$/t cementitious material | **29** kg $CO_2$/t cementitious material | |
| **Target 2030** | **523** kg $CO_2$/t cementitious material | **23** kg $CO_2$/t cementitious material | |
| **Target 2050** | To produce carbon-neutral concrete | | |

We achieved validation of our Scope 1 and 2 Reduction Targets by **SBTi**, aligned with its criteria in the temperature ambition trajectory well below 2°C.

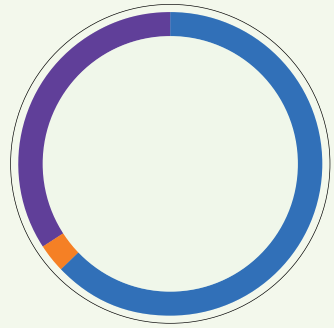
** The target boundary includes the emissions and absorptions related to the bioenergy raw materials since 2021.*

## OUR $CO_2$ EMISSIONS

**Scope 1** — **Direct Emissions:** Emissions generated from productive operations

**Scope 2** — **Indirect Emissions:** Emissions generated from the purchase and consumption of electricity in the operations

**Scope 3** — **Indirect Emissions:** Other indirect emissions generated in Argos' value chain



| | |
|---|---|
| Scope 1 | **63%** |
| Scope 2 | **3%** |
| Scope 3 | **34%** |

## SCOPE 1 EMISSIONS

**Net Specific $CO_2$ Emissions (kg $CO_2$/t of cementitious material) Cement Business**

| | |
|---|---|
| Base-line* | **735** |
| 2019 | **627** |
| 2020 | **634** |
| 2021 | **635** |
| **2022** | **637** |
| Target 2030 | **523** |

** Baseline 2006*

Scope 1 emissions had an increment of 0.3%, due to the increase in specific caloric consumption in clinker production; likewise, the energy crisis triggered an increase in international fuel prices, which affected the domestic offer and the supply of good quality thermal coals. The result reflects that emissions remained stable, despite the fact that a 3% reduction was achieved in the clinker/cement factor reduction lever, but the use of alternative fuels decreased by 0.6 percentage points due to supply difficulties. This made it difficult to achieve the objectives proposed for the year.

### We are recognized with the Reduce Your Corporate Footprint Seal (*Reduce tu Huella Corporativa*), in Panama

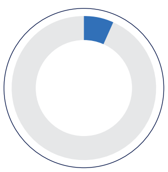
The *Quebradancha* Cement Plant was highlighted by the Ministry of the Environment of Panama with this recognition for being one of the first companies in the country to voluntarily apply the tool created by this institution, which establishes a standardized process to identify, calculate, report and verify the carbon footprint.

An employee in the Concrete Plant Operations Center; Panama

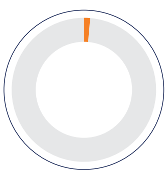
### Scope 1 Roadmap

We are convinced of the importance of working, from each of the areas of our organization, in compliance with the roadmap. For this reason, in 2021 the technical and financial roadmap to reduce direct $CO_2$ emissions from Scope 1 to 2030 was approved by the Board of Directors and the Steering Committee. In 2022 we implemented 12 of the 14 planned projects; this corresponds to a budget execution of 12% with respect to the USD 52.9 Million approved by 2030.

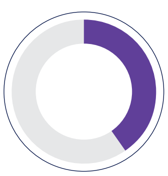
**Reduction Initiatives and Projects**
**Progress in the Budgetary Execution, with a cutoff as of 2022**



| | |
|---|---|
| Optimization of the use of clinker and energy efficiency | **6.75%** |
| Projects Planned: | **11** |
| **Projects Executed:** | **9** |



| | |
|---|---|
| Increase of alternative fuels | **1.64%** |
| Projects Planned: | **1** |
| **Projects Executed:** | **1** |



| | |
|---|---|
| Decrease in the clinker/cement factor | **40.52%** |
| Projects Planned: | **2** |
| **Projects Executed:** | **2** |

| | |
|---|---|
| Increase of natural gas | **0%** |
| Projects Planned: | **0** |
| **Projects Executed:** | **0** |

In terms of optimizing the use of clinker and energy efficiency, some of the planned projects had delays caused by inconveniences in maritime transport; however, installation and commissioning of the equipment is scheduled for the first quarter of 2023.

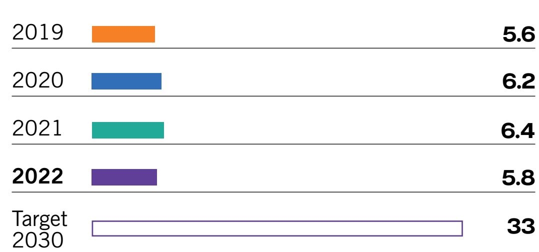
See more about our Climate Change indicators

Co-procession of used tires; Honduras

### Alternative Fuels

Co-processing continues to be one of the main drivers to reduce the intensity of net specific $CO_2$ emissions and one of the fundamental factors for cost efficiency in cement operations in the three regions.

**Substitution of Caloric Consumption of Conventional Fuels for Alternatives (%)**



Clay Activation Line at the Rioclaro Plant; Colombia

**2.7%**

**CALORIC SUBSTITUTION** in the Cartagena and Rioclaro cement operations

**The United States Regional**

The caloric substitution achieved represented a consumption of 80,421 tons of waste such as tires, mixed industrial waste, refuse-derived fuels (RDF) and biomass, such as wood and agricultural waste. Thus, the use of conventional fuels, such as coal and petcoke, was avoided.

**9.4%**

**CALORIC SUBSTITUTION** in the Roberta, Harleyville, Newberry and Martinsburg cement operations.

**Colombia Regional**

The caloric substitution that we achieved represented a consumption 24,590 tons of waste, such as tires, impregnated with hydrocarbons, refuse-derived fuels (RDF) and biomass.

This result was accomplished thanks to an alliance with Veolia, in which we became the main manager of hazardous waste for the Ecopetrol refinery in Barrancabermeja. More than 8,200 tons of hydrocarbon sludge were co-processed at the Cartagena Plant.

At the Rioclaro Plant, we diversified the portfolio of alternative fuels with the supply of industrial RDF and stabilized biosolids from the Aguas Claras Plant of *Empresas Públicas de Medellín* (EPM).

**5.7%**

**CALORIC SUBSTITUTION** in the *Piedras Azules* cement operations

**The Caribbean and Central America Regional**

The caloric substitution achieved represented a consumption of 3,368 tons of waste such as tires, expired medicines, used oils, paper and cardboard. Around USD 600,000 was invested to incorporate RDF as an alternative fuel.

A CASE OF SUCCESS

## HYDROGEN INJECTION IN THE COMBUSTION PROCESS AT THE *PIEDRAS AZULES* PLANT

At the beginning of 2022, our *Piedras Azules* Plant, in Honduras, was the protagonist of a successful hydrogen injection test in the furnace. This technology presents great opportunities to reduce greenhouse gases (GHG) in cement production, since - with the injection of small amounts of hydrogen - a 2% reduction in the consumption of fossil fuel and greater efficiency in combustion was achieved, which allowed increasing the use of tires as alternative fuel. Additionally, clinker production increased by 3%.

Thanks to these results, in the second semester we implemented hydrogen injection permanently in the furnace, with an investment of USD 1.1 Million.

This project becomes the starting point that allows us to dream of its implementation in other geographies to continue reducing our $CO_2$ emissions.

I am very proud to have participated in this project, which will allow us to increase clinker reactivity, reduce caloric consumption and increase the use of alternatives fuels, which will result in a decrease in our $CO_2$ emissions."

**Armando Ochoa**
Director of Processes in Honduras

### Optimization of the Use of Clinker and Energy Efficiency

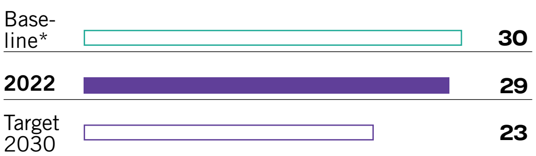
**Colombia Regional**
Despite the 40% reduction in the availability of slag in the country, cement presented stability in the percentage of clinker use for the manufacture of this product, compared to 2021. On the other hand, the potential of the Cartagena Plant to increase exports by more than 50% in products with a higher clinker content caused an increase in the region's indicator and went from 71.5%, in 2021, to 72.6%, in 2022.

During much of 2022, there was a significant increase in the demand for coal for export, due to the increase in international prices; this significantly limited the supply of good quality thermal coals in the domestic market and, consequently, affected the supply for our operations. Compared to 2021, this resource presented 10% less thermal energy content per unit of fuel and higher moisture and ash contents. On the other hand, the continuity of the operation of kiln 3 of the Cartagena Plant and the commissioning of kiln 2 of the Toluviejo Plant also impacted the caloric consumption of the region, which was 5% above the previous year.

**The United States Regional**
In 2022, we accelerated the production substitution of Type I/II cement with Type 1L, which is marketed under the name EcoStrong PLC. Thanks to this, we reduced the clinker/cement factor, going from 89% in 2021 to 80% in 2022.

## SCOPE 2 EMISSIONS

**Scope 2 Specific $CO_2$ Emissions Market Method**
**kg $CO_2$ /t of cementitious material**




** Baseline 2021*

We continue to report our Scope 2 emissions by the two methods recommended by the Greenhouse Gas (GHG) Protocol Scope 2 Guidance (2015).

In 2022, we obtained a 3% reduction in specific Scope 2 $CO_2$ emissions, since the emission factor of the electricity grid in Colombia decreased, given that in this country there was a greater generation from cleaner sources, mainly water, associated with the *La Niña* phenomenon.

### Scope 2 Roadmap

Scope 2 indirect $CO_2$ emissions correspond to 3% of Argos' total emissions. These correspond to those generated by the purchase and consumption of electrical energy in all our productive operations.

In 2022, we defined a roadmap to reduce these types of emissions and, thus, contribute to meeting the organization's objectives. **This is the goal we set for ourselves:**

| Baseline Year 2021 | | Target 2030 |
|---|---|---|
| **30** kg $CO_2$/ t cementitious material | → | **23** kg $CO_2$/ t cementitious material |

**Market Method*

To meet the goal, three drivers have been defined that must make it possible to reduce not only electricity consumption, but also the emissions associated with the increase in the purchase of energy from suppliers whose energy matrix contains, in a greater proportion, renewable sources.

**ELECTRICITY EFFICIENCY**
Technological transformation that permits decreasing electric energy consumption

**POWER PURCHASE AGREEMENTS (PPAs)**
The signing of Agreements to purchase energy from suppliers with renewable sources certified by international entities

**RENEWABLE ENERGY PROJECTS**
The implementation of renewable energy generating assets that are commercially viable and necessary

**We participated in the Latin American and Caribbean Climate Week 2022** (LACCW) with the donation of International Renewable Energy Certificates (I-RECs), electricity certificates generated from renewable energies equivalent to 1875 MWh. This amount would be the amount consumed in an average month of operation of our cement plant in the Dominican Republic, the host country of this initiative.

For being among the most energy efficient in its industry for four consecutive years and for its commitment to the efficient use of energy and the care and preservation of natural resources, in 2022, the Harleyville Plant, in South Carolina, obtained the Energy Star Certification, granted by the United States Environmental Protection Agency (EPA).

## SCOPE 3 EMISSIONS

In 2022, Scope 3 $CO_2$ emissions corresponded to 34% of our total carbon footprint. We quantified ten of the fifteen categories of indirect emissions generated in our value chain, according to the guidelines of the GHG Protocol methodology "Accounting and Reporting Standard for the Corporate value chain (Scope 3)" (WBCSD and WRI, 2011) and the Cement Sector Scope 3 GHG Accounting and Reporting Guidance (WBCSD - CSI, 2016).

Among the most representative categories for Argos, due to their proportion in the total Scope 3 emissions, were the purchase of products and services, transportation and distribution.

## Compensation

**Issuance of $CO_2$ Bonds for the Reduction of Emissions at the Cartagena Plant**
The project to certify emission reductions was presented and approved, in line with the replacement of conventional fossil fuels with alternatives. We are advancing in the validation and verification stages and we hope to carry it out in 2023.

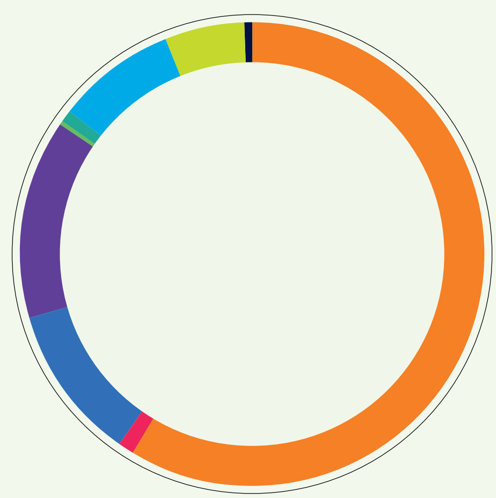
**Compensation with Carbon Credits in the Colombia Regional**
During 2022, through the purchase of carbon credits from the companies C2Cero and Celsia, we avoided carbon-tax causation for more than 27,298 tons of $CO_2$, which allowed savings of more than COP 73 Million for Argos.

**National Carbon-Neutrality Program – Colombia**
At the end of 2022, the Colombian Ministry of Environment and Sustainable Development granted us a certificate as active participants in the National Carbon Neutrality Program. This, under the country's climate commitments within the framework of the Paris Agreement. We joined this initiative in August 2021, together with more than 650 public and private organizations.

This adhesion allows us to contribute to the fulfillment of the country's commitments to reduce its greenhouse gas (GHG) emissions by 51% by 2030, with respect to the reference scenario, and achieve carbon neutrality by 2050, in line with our climate change strategy.

**Representativeness in Scope 3 in 2022**

- 1 Purchased Goods and Services **58.74%**
- 2 Purchase of Equipment **1.15%**
- 3 Fuel -and Energy-Related Activities **10.70%**
- 4 Upstream Transportation and Distribution **13.86%**
- 5 Waste Generated in Operations **0.47%**
- 6 Business Travel **0.01%**
- 7 Employee Commuting **0.64%**
- 8 Upstream Leased Assets **0%**
- 9 Downstream Transportation and Distribution **0%**
- 10 Processing of sold products **8.32%**
- 11 Use of Sold Products **0%**
- 12 End-of-Life Treatment of Sold Products **5.60%**
- 13 Downstream Leased Assets **0%**
- 14 Franchises **0%**
- 15 Investments **0.51%**



A Microalgae Pilot Project in Cartagena, Colombia

## ADAPTATION TO CLIMATE CHANGE

Regarding the second action line of our strategy, we focus on identifying and evaluating the physical risks to which our operations are exposed, as well as establishing the measures that allow them to be mitigated.

We highlight that in 2022 our cement, concrete and aggregates facilities applied the physical risk assessment tool, which is the main input for the following stages of the adaptation plan. We have begun exploring measures to increase operational resilience, a process that will continue and be implemented throughout 2023. Based on the progress made last year, we will continue prioritizing, approving, and implementing the measures identified, along with mechanisms monitoring and evaluation updates.

## INNOVATION AND DEVELOPMENT OF TECHNOLOGIES

For our third action line of the climate strategy, we continue working on initiatives that allow us to achieve better performance in terms of energy efficiency, the clinker/cement factor and development of carbon capture, storage and use (CCSU) technologies, which is a fundamental step for medium- and long-term climate change mitigation.

Argos has implemented some research and development projects on this topic for some years to provide a viable solution to emissions from the cement production process.

**Among the initiatives that were developed in 2022 are:**

**Life Cycle Transformation of $CO_2$ into Fuels from Microalgae:** Sustainability Science, experts in $CO_2$-capture technologies with microalgae, carried out a life cycle analysis of the technology we are developing, which considers the conversion of biomass into fuels, primarily biodiesel. The results show that for a well-to-wheel range and under probable scenarios, it is possible to achieve an emission reduction below the US Department of Energy goal for a biodiesel (target value 41 g $CO_{2eq}$/MJ fuel).

**The Hydrothermal Liquefaction (HTL) Award:** As part of the $CO_2$ Capture Program with Microalgae, the research entitled "Technical economic scenario for obtaining renewable fuels from hydrothermal liquefaction of microalgae with high $CO_2$ capture," which we developed together with the Industrial Chemical Processes research group at the University of Antioquia, Colombia, was awarded the Alejandro Ángel Escobar national award, in the environment and sustainable development category. This recognition is considered the highest scientific award given in Colombia. The work focused on establishing conditions that make the production of a diesel-type fuel technically and economically viable from the thermal transformation of wet microalgae biomass, which is produced in the $CO_2$-capture process. In addition, it focused on reducing the emission of greenhouse gases (GHG) from the cement process and offering a renewable fuel as an alternative to fossil fuels.

**Participation in *Innovandi*:** Based on the industry's commitment to guarantee a sustainable future and to encourage and accelerate global collaboration in the field of innovation as an important, necessary step for climate action, we continue to actively participate at *Innovandi*, the Global Cement and Concrete Research Network.

In the OpenChallenge initiative, we participated in three consortia, made up of companies linked to the GCCA. In one of them, we were hosts at our Newberry, Florida, Cement Plant, where we will evaluate the CarbonBiocapture company's microalgae capture technology.

**Collaboration between Academia and Business for the Development of Technologies for the Use of $CO_2$:** We launched a program for the creation of technologies for the use of $CO_2$, in partnership with the National University of Colombia, the actions of which in 2023 will be focused on the identification of groups of research, the formation of a bank of initiatives and the selection of two projects focused on the development of technologies to enable the use of $CO_2$.

**Reduction of the Clinker/Cement Factor:** We continue to work on cement formulations with a low clinker content to promote the use of other alternative materials, such as fly ash, and achieve reductions of more than five percentage points.

## CHALLENGES

- To accelerate the development of technologies to produce cements with lower $CO_2$ emissions.
- To minimize technical and financial risks associated with the assembly of new technologies in the maturation process that require large CapEx investments.
- To ensure that the supply of alternative fuels is constant, with quality and cost efficiency in our three Regionals. Thus, we will increase the levels of caloric substitution.
- To establish strategic alliances for the use of waste, to achieve common objectives and offer greater benefits to society.
- To increase Power Purchase Agreements (PPAs) from renewable sources.

## ADHESIONS AND INITIATIVES

gcca Global Cement and Concrete Association

INNOVANDI

CDP DRIVING SUSTAINABLE ECONOMIES

Consult the CDP Report 2022 here

TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

Consult the TCFD Report 2022

IN THE WEB


# COSTUMER EXPERIENCE

**SDGs**

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
12 RESPONSIBLE CONSUMPTION AND PRODUCTION
17 PARTNERSHIPS FOR THE GOALS

**Impact on the Business**

- Income

**Strategic Pillars of Sustainability**

- Costumer Centricity

A hardware store costumer; Honduras

Our costumers are our reason for being and our premise; for this reason, in addition to delivering solutions that meet their needs, we seek to provide a differentiated, safe and effective service through technological proposals and products that are accessible, affordable and innovative and that allow them to improve their management and even save time and costs.

In this way, we seek to mobilize the transformation of the industry and market leaders and become strategic allies of those who build and bring construction materials to the communities to make their housing and infrastructure dreams come true.

## MANAGEMENT OBJECTIVES

### For the Company

To improve the commercial experience through customer-focused initiatives and digital transformation in our value chain.

### For Society

To be key allies for our costumers and society in enabling the development of sustainable, intelligent and interconnected cities that respond to the current challenges facing the planet.

## HOW IT IS MANAGED

**To achieve our objectives, we focus our efforts on four lines:**

- **PORTFOLIO OF PRODUCTS AND SERVICES**
- **DIGITAL CHANNELS**
- **NEW BUSINESS MODELS**
- **FUTURE INITIATIVES**

## PERFORMANCE 2022

### We Offer Opportunities to Transform Our Costumers' Home and Business

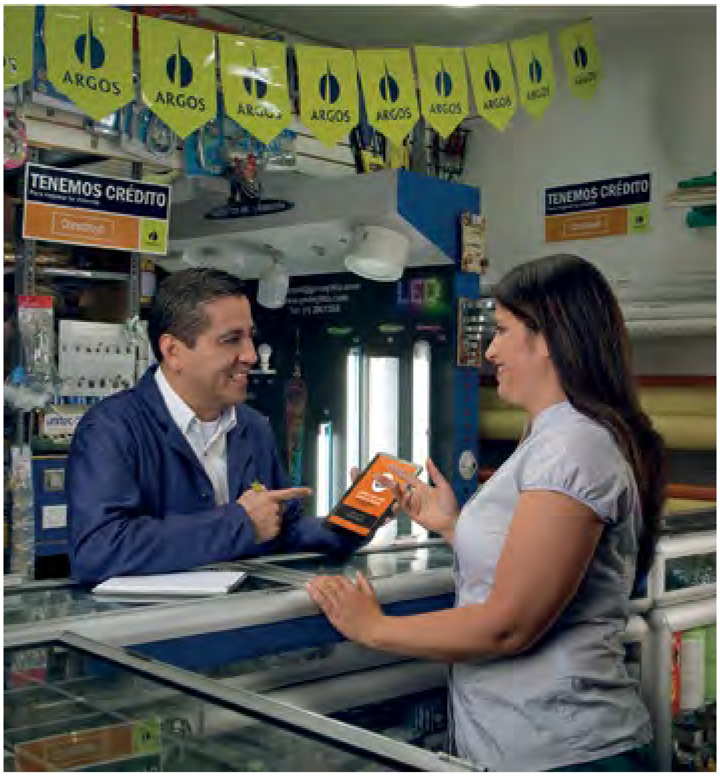
#### COLOMBIA

Through the *Construyá* Program and its financial allies, we provide access to finance our products and other construction materials, to encourage to access microcredits to the population with no prior banking experience, which allow them to improve their quality of life by transforming their homes and businesses.

Since 2006, we have contributed to the improvement of the qualitative conditions (housing deficiencies such as structure, space or availability of residential public utilities) of more than 150,000 Colombian homes and businesses, which has reduced the deficit of unsatisfied basic needs and contributed to the progress of the economic activities of Colombian families with **more than COP 159 Billion** disbursed for the purchase of construction materials in the Cementos Argos marketing network.

#### GUATEMALA

Our opening in this country began in 2019. This led us to propose and execute a differentiated strategy in the value proposition offered to our costumers and cement consumers. *AmigoPaq* is an initiative that seeks to give access to working capital to the population with no prior banking experience, to enable the growth of their business and housing reform.




A hardware store costumer using *Construyá*, Colombia

Since 2019, we have contributed to the improvement of the qualitative conditions of

**+130 GUATEMALAN HOUSEHOLDS**

See the performance of our indicators.

## We Contribute to the Qualification of the Profiles of Construction Workers

In the constant search to improve the quality of life of those who day by day have the building of hundreds of people's dreams in their hands, we made educational programs available to construction workers that would add to their development and professional growth and contribute to strengthening their skills and knowledge around the delivery of safe structures.

### COLOMBIA

Through public and private entities, we offered loyalty programs for construction workers, aimed at qualifying them as general foremen. These included training in and certification of labor competencies, among which the following stand out: complementary training courses in the construction sector, technological update events, and certification of labor competencies. **Altogether, during 2022 we trained nearly 1,100 foremen.**

Also, looking for merchants and businessmen in the construction materials sector to extend good employability conditions to their employees and apply criteria of sustainability, administration, marketing, costumer service, technology in their businesses, among other topics that allow them to become references, hand in hand with our Technical Consulting Team, we trained more than 75 hardware stores and about 285 of their employees.

**+510**
**TEACHERS TRAINED**
in complementary training coursed with SENA (National Learning Service)

**+495**
**TEACHERS TRAINED**
in technical or technological updating events with *SENA*

**+80**
**FOREMAN**
who were certified in norms of labor competencies

**10**
**TOTAL COMPETENCIES**
for work certified by foremen

**+75**
**HARDWARE STORE PERSONNEL TRAINED**
through unions, technical advice or public or private entities

**+280**
**DEPENDENTS TRAINED**
by unions, technical advice or public or private entities

Virtual training for foremen

### THE CARIBBEAN AND CENTRAL AMERICA

**Guatemala:**
In partnership with the Technology Training Institution, which has a training program for foremen with german methodology, in 2022 we trained 25 construction experts in the country.

**Panama and Puerto Rico:**
For the second year in a row, with the Elevate Program, we trained our costumers in administrative and financial areas, aimed at boosting their businesses. In Panama, the training was given to 25 costumers and in Puerto Rico, to 10, who reported a growth of between 6% and 50% in the results of their management.

**Honduras:**
During 2022, we sought to transfer knowledge to our costumers and end consumers through training programs defined according to their needs. In total, five training sessions were given for the industrial business and six for the population, which impacted nearly 700 participants.

## Our Digital Strategy

DIGITAL STRATEGY

Costumer Experience

Digital Transformation in the value chain

### COSTUMER EXPERIENCE

Firm in our purpose of delivering extraordinary solutions to our costumers and becoming their best allies, we created the Argos ONE platform in Colombia, the United States, Panama and Honduras. It is a platform focused on the automation of internal processes, the development of artificial intelligence models and the orchestration of the complete costumer experience process. This also allows us to simplify and streamline interactions:

**Orders**

**68%**

**OF CEMENT ORDERS**
(4.6 Million tons) and

**36%**

**OF CONCRETE ORDERS**
(1.8 Million m³) at the corporate level, this is done through the platform

**Consultation on Orders and Monitoring of Deliveries**

**+1,535,000**

**CONSULTATIONS**

**Confirmation of Deliveries**

**66%**

**OF THE CEMENT DELIVERIES**

**98%**

**OF THE CONCRETE DELIVERIES**
are managed digitally through Argos ONE

**Payments**

**45%**

**OF OUR COSTUMERS PAYMENTS**
are collected through digital solutions


Argos ONE Usability

During 2022, new functionalities were implemented, which have allowed us to improve the adoption of our partners to our digital channels. Among these we highlight:

- For the Ready-Mix business in Colombia, a scheduling split was implemented, which profiles costumers to grant them order delivery scheduling alternatives, which offers them greater availability and flexibility. Likewise, the experience was improved with the increase in the scope of order modification; this facilitated the adoption of Argos ONE, as this functionality allows users to make changes to current products and services and modify or cancel future orders. The total number of interactions of this type during the year was 11,335.
- For Cement and Ready-Mix, a new notification module was implemented, the purpose of which is to inform our costumers in a timely manner of logistical updates that may have an impact on the delivery process. Additionally, a panel was introduced that allows them to self-manage the configuration of the type of notifications they wish to receive by email or SMS.

- At the Argos Store (Business to Costumer [B2C] Channel), at the end of 2022, we obtained sales amounting to COP 9.47 Billion through the sale of bagged and concrete products in all areas of the country; these exceeded the goal set at the beginning of that same year.

The Channel had traffic of

**+270,000**

**USERS**

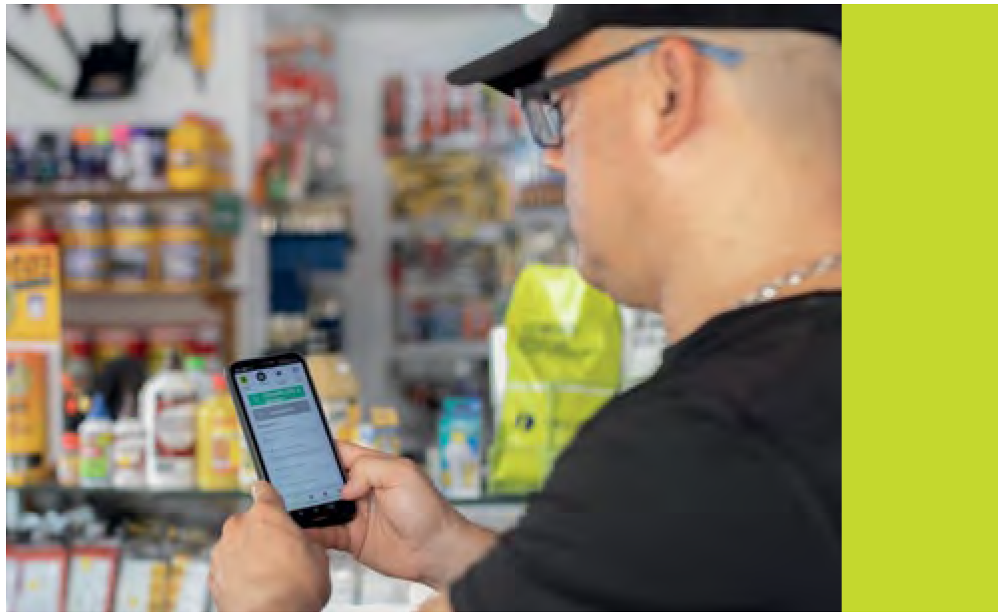
**+345,000**

**PURCHASE SESSIONS**
with more than **4,500** successful transactions

**PAYMENT ACCEPTANCE**

**68.7%**

- Currently, the Argos Store has 18 alliances with credit unions, contractors and Social-Interest Housing purchasers, where people can access sustainable, quality products.



A hardware store costumer using Argos ONE

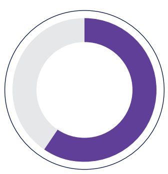
We work on the digital transformation of the value chain through Industry 4.0 Enablers to optimize our operations, capture efficiencies and enhance human talent; some of these are: **artificial intelligence, Digital Twins, advanced analytics, automation and robotics.**

- **In the United States,** with the aim of optimizing the measurement of our costumers' digital experience, the Data Party Strategy pilot was developed in 2022, which focuses on big-data concepts to build a data model that provides information on our costumers interactions on the Argos ONE platform; this allows them to know their digital behavior to offer them new and better experiences. In 2023, this solution will be scaled for Colombia with the purpose that 76% of cement orders and 64% of concrete orders are made on the platform.
- In terms of collection and with the aim of optimizing the billing, reconciliation and portfolio compensation processes, the digital payment options for invoices and orders have been enabled in Argos ONE, which allowed obtaining, as principal benefits, automatic compensation, the record of historical payments to our costumers and the authorization of orders blocked by payment.
- **In Panama,** the WhatsApp chatbot continues to consolidate itself as one of the most-receptive channels for our costumers. During 2022, the sale of bulk cement was implemented in this area to expand the offer of available products. Additionally, concrete order taking was added, which offers an innovative, simple and agile experience, since it reduces the flow to only four interactions. This functionality will be implemented in Colombia during 2023.

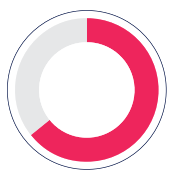
## Customer Satisfaction

Among the greatest achievements framed in our Costumer Experience Strategy, we highlight the adaptation of the processes to listen to and analyze their voice, the compensation initiative, the redesigning of the experience and the implementation of the mechanisms required to collect data in real time real and, thus, dynamically measure the costumers' perception against their intention to continue buying our products and services. In this sense, the Net Promoter Score (NPS) is the tool that we currently use for this objective.

For the second consecutive year, we have defined the NPS as the metric to measure costumer satisfaction in the operations in Colombia, the United States, Panama, Honduras and the Dominican Republic. We do this through the *Qualtrics* Tool, which allows us to view the information collected at our costumers contact points in a timely manner to implement corrective actions.



2022 **59.6%***



Target **64.2%***

**These results show that our company is a positive reference for the industry in the management of Costumer Relations and that the Strategies adopted to date are on the right track**

## Data Protection and Confidentiality, part of the Promise of Value to our Costumers

This aspect is of vital importance to Argos. This is why we adopt the necessary measures to protect the data collected, processed and stored from any type of cyber threat during the development of the commercial relationship; this includes the adoption of good practices, the implementation of robust security controls, and the education and awareness of staff to minimize the risk of security incidents.

We have adopted a transparent position with our costumers regarding their security and data protection policies, based on regulatory compliance and the laws in force in their operating environment.

Learn more about our Privacy Policies

Construction workers; Colombia

# CHALLENGES

- To expand the implementation of digital initiatives in our operations and markets aimed at positively impacting the costumer experience and the digital transformation of the value chain of our business.
- To continue consolidating Argos ONE as the digital services platform that simplifies and streamlines the relationship between costumers and our organization.
- To maintain the capture of savings using digital initiatives in all our territories.
- To consolidate the Net Promoter Score (NPS) as our measurement tool for costumer perception of their intention to continue accessing our products and services.
- To consolidate and digitize our proposal for training and certification programs for construction workers to continue contributing to the delivery of safe structures and impact their quality of life by gaining ranks in their working career.
- To identify and manage the risks associated with the digital channel cybersecurity.

IN THE WEB

# RESILIENT SUPPLY CHAIN

**SDGs**


**Impact on the Business**

- Costs

**Strategic Pillars of Sustainability**

- Smart Growth

↑
A vehicle maintenance supplier; the United States

We have a resilient supply chain that allows us to forecast, anticipate and respond promptly to our internal and external costumers in a fast, reliable manner.

The continuous, integrated planning of the supply chain is articulated with Cementos Argos' long-term Strategy; this allows us to minimize risks, improve opportunities, meet costumers expectations and maintain high levels of service, while maintaining working capital and a profitable operation. Additionally, we work with our suppliers to forge sustainable relationships over time and promote best practices.

## MANAGEMENT OBJECTIVES

### For the Company

To add value throughout the strategic planning of the supply chain in the short, medium and long term, from the purchase of goods and services to the delivery of the product to our costumers. In addition, through transparent management, mitigate risks, maximize benefits and create relationships of trust to turn our suppliers and costumers into business allies.

### For Society

To promote transparent practices and responsible behavior to provide the best possible service to our costumers. Likewise, to improve the productivity and competitiveness of our company and support the construction of a more sustainable future.

## HOW IT IS MANAGED

**Our management is based on five priorities**

### SUPPLY CHAIN PLANNING

- We carry out integrated planning that allows the best allocation of critical resources to satisfy our costumers efficiently and profitably.
- We design the production and logistics footprint, with which future restrictions and bottlenecks are identified.
- We create contingency plans to manage interruptions in our supply chain.


A mixer truck; the United States

### DIGITAL TRANSFORMATION

- We transform and automate our supply chain processes to make them highly responsive to changing circumstances and transparent to all parties involved.
- We facilitate the exchange of information and decision making.

### INCREASE PROFITABILITY AND MARKET SHARE

- We include operational and commercial strategies that reduce the cost of service and optimize the cost of capital and increase costumer satisfaction.

### DEVELOPMENT AND COLLABORATIVE RELATIONSHIPS WITH SUPPLIERS

- We guarantee a responsible supply chain with the implementation of competitive negotiation processes that enable us to strengthen relationships and grow jointly with suppliers, reduce risks and ensure the continuity of the operation.

### SAFE OPERATIONS

- We prioritize health and safety throughout the Supply Chain through the I Promise management system.
- We minimize the number of road incidents in operations through our Road Safety Strategy.

See the performance of our indicators

# PERFORMANCE 2022


Bulk cement trucks; Panama

## Network Model in the Caribbean and Central America Regional

We have an integrated supply chain Network Model, which allows us to generate optimal plans with different business scenarios in different periods. This has allowed us to maximize profitability and minimize the impact on operational cost, release bottlenecks, and generate solutions that precisely meet costumer needs. To date, this model has allowed us to:

- Obtain savings for USD 317,000 due to adjustments in the stoppage program of the plants in Honduras during the first half of the year.
- Assign a better origin for clinker and cement in Honduras. As of December 2022, the benefit has been more than USD 2,100,000.
- Achieve savings from optimizations in logistics processes for USD 401,900 during 2022.
- Reduce the risk of product shortages in Puerto Rico.
- Know the impact on the import of clinker for the operation in Haiti.

## In the Colombia Regional, we bet on Digital Transformation

We streamlined the planning process, going from four weeks to two days.

One of our priorities in 2022 was to connect the value chain with all its processes (demand, planning, inventories, production and costs) through the digitization of the Integrated Business Plan (IBP). This has allowed us to achieve real time operational and financial viability and generate planning scenarios in an agile, flexible manner to obtain greater profitability in unplanned situations.

We continue to venture into the digital transformation of processes, such as end-to-end foreign trade flows for the components we import, long-distance fleet scheduling and management, and automatic cost updating in real time, among others. All this allows us to focus on more tactical tasks and have a more intelligent, interconnected and responsive supply chain.

## Strengthening Our Suppliers

Aligned with our purpose of continuing to strengthen the best practices in sustainability in our suppliers, we continue with the execution of evaluations framed in environmental, social and economic aspects.

We highlight the participation of seven of our allies in the Supplier Development Program of the Centro Tecnomógico de Antioquia. There, they had methodological support from experts to improve the provision of their services on topics such as reduction of loading times, route planning and monitoring of micro-distribution, reduction of transit times due to unscheduled maintenance and strengthening of the communication of technical specifications and quality standards linked to purchase orders.

Also, in conjunction with the Caribbean and Central America Regional, during 2022 we carried out training spaces in risk management, which included water and climate change issues.

We had the participation of more than 80 people from 66 suppliers from five countries.

In the last three years, **52% of our suppliers were evaluated.** With this we met the corporate goal linked to two bank loans with sustainability criteria.

**86%**

**OF PURCHASES** were made from local suppliers


Concrete pouring in Houston, the United States

## The United States: Automation of Purchases through the Ariba Platform

In search of the automation of the purchasing process, we have been working on the integration of suppliers through the Ariba platform, which allows the acquisition of materials to be carried out more transparently, since there is access to catalogues of allies with prices previously negotiated. This also facilitates the monitoring of transactions because it is aligned with what is established in the Procurement Policy, allowing greater control between what is purchased, the amounts and those responsible, and ensuring that the prices established in the contracts are respected.

To date, through this platform, transactions have been made for **more than USD 750,000.**

**20%**

**OF PURCHASES**
from the Cement business and

**8%**

**OF PURCHASES**
from the Concrete business for the Maintenance, Repair and Operations (MRO) items were made through this platform

**+20**

**SUPPLIERS**
have access to the catalogue and another 30 are expected to be added.

A CASE OF SUCCESS

## IMPLEMENTATION OF THE PROPOSAL FOR ROLLER MAINTENANCE IN VERTICAL MILLS

Hand in hand with our supplier *EMP Ingenieros*, winner of the Innovation Program in 2021, we identified and implemented strategies, tactics and techniques to improve routine tasks and/or large maintenance repairs aimed at positively impacting times, costs and the sustainability of the assets of the cement production chain of the Rioclaro Plant, in Colombia. To date, these modifications have allowed:

1. Decreasing execution times by 40%
2. Increasing reliability
3. Improving internal procedures

A mixer truck driver in Medellín, Colombia

## Data Analytics in the Transport and Supply Processes

Through the application of tools - such as statistical models, machine learning and Python - we have understood the historical behavior of purchasing categories, as well as prospecting, predicting or identifying the variables that generate the greatest impact in changing situations and those of high uncertainty that could generate detriment to the profitability of the business and jeopardize its continuity.

**Some of the achievements to highlight are:**

- The identification of restrictions of some of the most relevant transport contracts in which, through logistics models, reductions of 9% in unit costs per ton were achieved, which mitigated the uncertainty of the increase in freight in the sector for 2023.
- The recognition of the indexation percentage suggested to apply in the coal negotiations for 2023 and of the macroeconomic international external variables, which are responsible for generating the most dramatic changes in the local coal market.

# CHALLENGES

- To increase the coverage of supplier performance evaluations and the monitoring of action plans in the Regional offices.
- To improve the reception and receptivity, on the part of the suppliers, to the indices, evaluations, recognitions and invitations to participate in initiatives.
- To standardize good practices in supplier management in the different regionals.
- To continue promoting less-polluting means of transportation and initiatives to reduce emissions and costs.
- To transform the logistics processes of the three Regionals through digitization.

# ADHESIONS, AWARDS AND RECOGNITIONS

In 2022, the National Road Safety Agency in Colombia granted us national recognition for excellence in the Strategic Road Safety Plan.

Learn more about this recognition.

IN THE WEB

# TALENT MANAGEMENT AND INCLUSION

**SDGs**

8 DECENT WORK AND ECONOMIC GROWTH
10 REDUCED INEQUALITIES
5 GENDER EQUALITY
17 PARTNERSHIPS FOR THE GOALS

**Impact on the Business**

- Income

**Strategic Pillars of Sustainability**

- Transformation and People Revolution

Employees in Yumbo, Colombia

At Argos, we provide a workspace with the highest standards, framed in a balance between profitability and social and environmental development, which allows teams to overcome present and future challenges.

It contemplates the management of attracting and retaining the best talent framed in a culture based on respect and valuing differences in safe, healthy, equitable and inclusive work environments to build a society in which all people can develop their maximum potential.

## MANAGEMENT OBJECTIVES

### For the Company

To consolidate a great team that welcomes change as an opportunity, that creates shared value in collaborative, inclusive work environments to face present and future challenges and that is an ally for business growth and the generation of innovative solutions to achieve the balance between profitability, social development and environmental impact.

### For Society

To transform our society through the development of people who are aware of their environment, who transcend, create value with each of their actions and are willing to make a difference in the societies they impact. This, based on diversity and inclusion criteria and behaviors that promote the transformation of our operations and generate well-being.

## HOW IT IS MANAGED

Our talent management is focused on the human aspect and seeks to offer the best experience to our employees so that they welcome their development with co-responsibility and flexibility. We are convinced that diversity enriches and adds value; for this reason, it is necessary to promote the growth of people so that they contribute the best of themselves.

**Talent management focuses on three main lines:**

**1.**

**Development, Maintenance and Strengthening of Critical Competencies:** Our continuous performance management program ensures that feedback is timely and that each employee is responsible for their growth process along with the support of their leader. Additionally, the training program is aimed at developing, maintaining and strengthening critical competencies at each stage of the employee's evolution.

**2.**

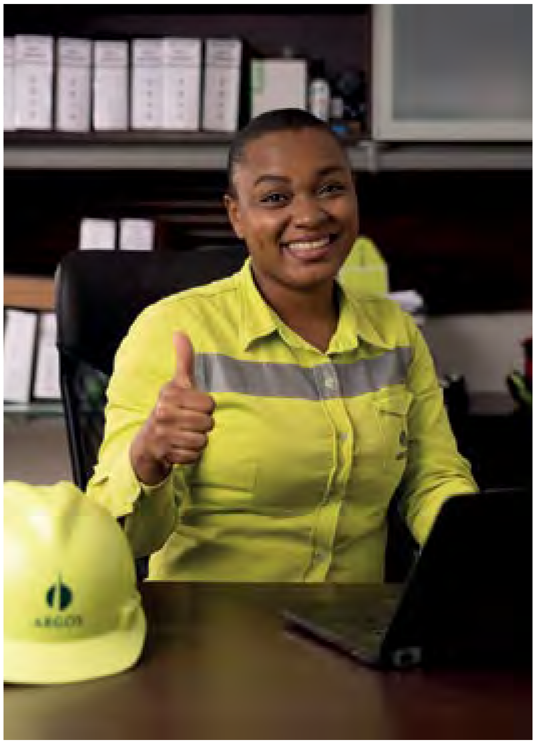
**Attraction, Retention and Development of the Best Talent:** The objective is to have the right people to perform successfully in each place. For this, we structure and promote programs to identify and evaluate our talent, their priorities and goals, with the purpose of executing medium- and long-term growth plans and strengthening talent.

**3.**

**Promotion of High Standards in Labor Practices:** We are passionate and committed to diversity, equity and inclusion and we firmly believe in the transformational potential of these values. We are also sure of its ability to generate competitive advantages to guarantee the construction of a multicultural, interdisciplinary company.

Therefore, we are committed, internally and externally, to:

- Guarantee the right to freedom of association
- Equal participation in all processes




An employee in Panama

See more indicators here

## PERFORMANCE 2022

### Diversity, Equity and Inclusion

In keeping with our fundamentals of respect and value for difference, we actively work on these issues and develop them as part of our culture. In this sense, **we build and disclose the protocol to prevent workplace and sexual harassment as a manifesto** of our commitment to prevent, promote, raise awareness, educate and encourage working conditions and relationships free of violence and sexual and workplace harassment and - in turn - enable communication mechanisms to address complaints about behaviors and conducts that may constitute sexual and/or labor harassment violence.

An employee in Tegucigalpa, Honduras

## WE STARTED THE MANAGEMENT CAPACITY DEVELOPMENT PROGRAM WITH EMPHASIS ON GENDER EQUITY

Our commitment to female leadership is integral and for this reason, we seek to strengthen the mobilization of high-performance women with development potential towards management and leadership levels. The first cohort of 24 women from different geographies and areas of the company were evaluated to identify opportunities that raise their profile of managerial and executive skills. At the end of 2022, 92% of the participants in this program have a defined individual development plan.

**Women in leadership positions (%)**

| | |
|---|---|
| 2019 | **28.97%** |
| 2020 | **29.30%** |
| 2021 | **30.30%** |
| **2022** | **29.87%** |
| Target 2030 | **35%** |

**29.87%**

**OF LEADERSHIP POSITIONS**

are occupied by women

“In addition to having been a space to train in management issues, which are extremely relevant, the program was a unique opportunity to have a mentor accompany me in strengthening what I learned and do an internship in another country, which has been able to accelerate my development in these subjects. Being part of the program clearly presents my possibilities for mobility, growth and learning and that encourages me to remain committed and aligned with the purposes of the organization.”

**Daniela Patricia de Castro Díaz,**
participant in the Management Capacity Development Program with Emphasis on Gender Equity

A truck driver in *Piedras Azules*, Honduras

### WE PROMOTE GENDER EQUITY AT ALL OUR ORGANIZATIONAL LEVELS

- **In the United States,** we joined Women in Trucking, a non-profit association that seeks to promote the employment of women in the transport industry.
- **In Colombia,** in agreement with SENA (National Learning Service), a state job-training entity, we started a certification program for more than 60 women as construction foremen.
- **In Honduras,** six women successfully completed the training program for forklift operators.
- We signed a cooperation agreement with the Honduran Chamber of the Construction Industry to close gender gaps and promote the training of women who live in communities surrounding our operations in operational and technical positions that have traditionally been held by men.

**339**

**WOMEN** hold historically masculinized operational positions, at the end of 2022.

**71**

**MIXER DRIVERS** in the company:
**2** in the Caribbean and Central America
**29** in Colombia and
**40** in the United States

### DIVERSITY AND INCLUSION GO WAY BEYOND GENDER!

In 2022, we materialized the Diversity Multipliers Program, a learning community, along lines such as:

- Ethnic diversity
- Gender equity
- New masculinities
- Intergenerational challenges

The refocusing and expansion of our efforts in diversity lead us to reconsider the goal that we had up to now, based on nationality, to expand the dimensions in which we want to deepen.

## Labor Practices

In 2022, collective bargaining were held in Panama and the United States within a framework of respect and sustainability. Additionally, the International Framework Agreement between Argos and the International Federation of Building and Wood Workers (IFBWW) with scope in Colombia, Panama and Honduras, initially, was endorsed. This has the objective of strengthening the relationship between the parties and the commitment in the geographies where it applies.

At Argos, we promote dialogue and respect the right of free association.

## Recognition: Green Plant

It is made to the employees of the facilities with outstanding performance in operational, environmental, community and occupational health and safety (SISO, in Spanish) indicators in all the company's businesses.

This recognition was given to:

**Cement Grinding:**
Atlanta, Estados Unidos

**Concrete Area:**
Florida, Estados Unidos.

**Integrated Cement Plant:**
Toluviejo, Colombia

## Organizational Culture

### CULTURE MEASUREMENT

For Argos, culture is the collective expression of employee behaviors, values and beliefs. It serves as a foundation for driving the company's strategy and purpose.

In 2022, the results of the culture measurement at Argos showed a positive alignment between the desired culture and the current culture of the employees, which reaffirms our purpose of transcending and building a better world.

Environmental and social awareness, sustainable development and innovation are the main values that connect us with our employees.

### FLEXIBILITY WITH RESPONSIBILITY

In 2022, we redefined our ways of working. The new dynamics and the adoption of hybrid models were framed within the concept of flexibility with responsibility, which is oriented towards the use and development of self-learning, productivity and well-being capacities.

An employee in Medellín, Colombia

**251,570**

**HOURS OF TRAINING**
of which **84,620 were virtual,** which represents 34% of the training total.

**670**

**OF OUR EMPLOYEES**
are teleworkers in some modality: supplementary, autonomous or mobile.

The Argos work team is like a family. Since we joined the group of scholarship recipients, they have always made us feel that we are a family and that we are leaders; since then, we have contributed in the best way thanks to the support they give us. For us it is a great opportunity to be part of this great company".

**Andrés Darío Ochoa Pérez**
Scholarship recipient of the Grupo Argos Foundation and apprentice at the Rioclaro Plant

**+175**
**ARE THE APPRENTICES**
that at the end of 2022 are part of the company

### CONTINUOUS PERFORMANCE MANAGEMENT

The year 2022 marked the strengthening of the continuous performance management process. The mobilization of quality and opportunity transcended the traditional phases of the cycle. Leveraged in the Betterworks tool, we achieve evaluations with a 360°focus.

Continuous performance management is based on the Conversations Feedback Recognition model, which has these characteristics:

- Conversations are regular throughout the organization.
- Feedback is a learning tool.
- Recognition strengthens teamwork and motivation.

**+1,435**
**EMPLOYEES**
had a performance evaluation.

**+3,555**
**CONVERSATIONS**
were provided in all the organization.

## Talent Attraction and Retention

We created the Unbiased Conversation Guide to promote interviews and dialogue spaces aimed at getting to know the candidate, regardless of their gender, ethnicity or place of training, seeking to generate increasingly objective, reliable selection processes.

### WE BELIEVE IN YOUNG TALENT

We recognize the importance of contributing to future talent through the School for Young Professionals, in which we deliver valuable tools that help those who are studying their last semester of university, technical or technological careers in their insertion into the world of work. We achieved this through 10 conversations, in which we shared good practices with more than 200 young professionals around topics such as managing an interview, writing a résumé or creating their own personal brand, life stories about career development, overcoming obstacles, leadership, purpose and female empowerment. Additionally, together with the Grupo Argos Foundation, we support the recipients of the Scholarships for Regional Development Program by offering them job opportunities as apprentices, accompanying them throughout their process in their professional training and in their first approaches to the labor market.

Employees in Medellín, Colombia

### PATHS OF DEVELOPMENT AND SUCCESSION

In 2022, we consolidated our future talent planning model, with which we intensified our efforts in the intervention phase of key employees to accompany their process, in such a way that they become potential candidates for new selection processes. Our model considers three major moments:

1. Identification of critical positions and potential employees to be successors.

2. Prioritization and intervention of candidates, according to their level of readiness, interest in continuing with this development path and personal commitment to face the process.

3. Continuous monitoring of candidates and the selection processes in which they participate.

**Rate of Internal Mobility (%)**

| | |
|---|---|
| 2019 | **8.68%** |
| 2020 | **6.85%** |
| 2021 | **9.18%** |
| **2022** | **10.72%** |
| Target 2022 | **10%** |

**150**

**PEOPLE**

were impacted with the planning model.

## CHALLENGES

- To strengthen programs to close gender gaps to give women the tools to occupy traditionally male positions.
- To provide means that allow the development of an increasingly human leadership, in which empathy and flexibility are the foundation of this new reality.
- To consolidate our impact on young talent by extending university talks in Central America and the Caribbean.

## ADHESIONS, AWARDS AND RECOGNITIONS

***Equipares:*** Gold Seal in Colombia (Recertification)

***Igualando:*** Bronze Seal in the Dominican Republic (Recertification)

***Sí Género*, Gender Equality Seal:** Gold Level in Panama (Recertification)

In the Merco Talent measurement, we ranked 11th.

*PAR* Ranking

Agreement with *CHICO*, in Honduras

IN THE WEB


# SAFETY, HEALTH AND PERSONAL WELFARE

**SDGs**

11 SUSTAINABLE CITIES AND COMMUNITIES
3 GOOD HEALTH AND WELL-BEING
8 DECENT WORK AND ECONOMIC GROWTH
17 PARTNERSHIPS FOR THE GOALS

**Impact on the Business**

- Risks

**Strategic Pillars of Sustainability**

- Transformation and People Revolution

An Employee in the *Piedras Azules* Plant Laboratory; Honduras

Our health and safety strategy transcends the most demanding global standards for risk management. We focus on strengthening and making leadership and relationships of trust visible as key elements to take care of each other.

**We are inspired to contribute to the development of a safe and healthy society; for this reason, we focus beyond ZERO** (zero injuries, illnesses and affectations to our employees and stakeholders) to generate awareness about well-being and the value of life.

## MANAGEMENT OBJECTIVES

### For the Company

To stay safe and healthy inside and outside the company facilities through teamwork, strengthening leadership and empowering everyone. To achieve this, we facilitate participation, feedback and recognition mechanisms.

### For Society

To transcend our workplaces and hours to contribute to the development of safe, healthy territories and, thus, generate a positive impact on the well-being of our contractors, employees and their families and the different communities with which we interact.

## HOW IT IS MANAGED

Our management system has evolved to respond to global needs and trends. This is why we recently articulated health and well-being in a model that will leverage, with a personal approach, the purpose of becoming a healthy organization, while being progressively integrated into our current health and safety strategy.

Learn about our Comprehensive Health and Safety Strategy.

### The Comprehensive Health and Safety Strategy

**LEADERSHIP AND RESPONSIBILITY**

**Target:**
**Zero** serious injuries in our employees and contractors for 2025.

**DEVELOPMENT OF COMPETENCIES AND COMPREHENSIVE RISK MANAGEMENT**

**Targets:**
Reduce total injuries by **50%** to 2025, to achieve a maximum of 306 cases.

Reduce labor illnesses by **30%** to 2025.

**COMMUNICATION AND CULTURE**

**Target:**
Annually formulate at least **one project** that promotes the change of trends in the indicators of behavior in operations.

**OPERATIONAL EXCELLENCE**

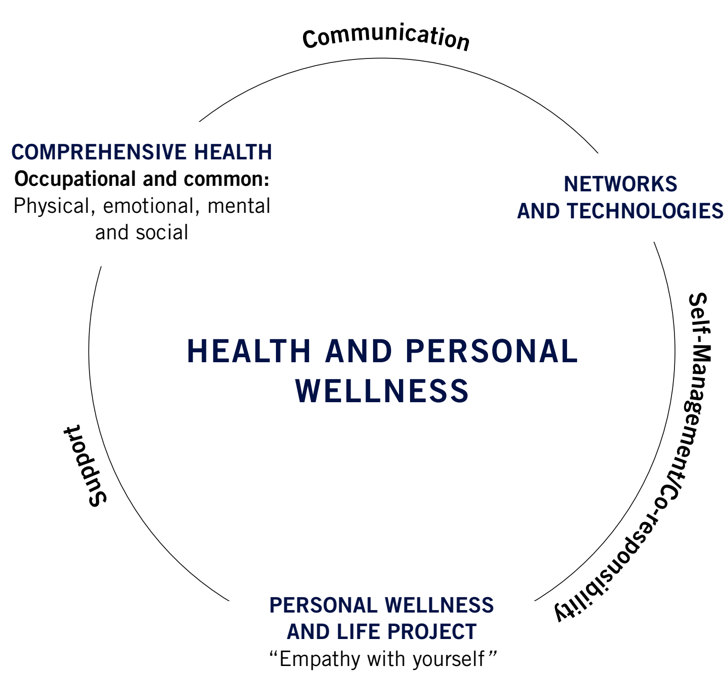
**Targets:**
Decrease absenteeism due to general illness by **15%** to 2025.

Of the high-risk situations, **100%** will be intervened within the periods established in the Safety app.

** Baseline year 2019*

### Wellness Model

The implementation of this model will allow us to consolidate ourselves as leaders in health and wellness practices and incorporate technologies, data and analytics that will define the path to strengthen ourselves as a healthy company.




**OUR HEALTH AND PERSONAL WELL-BEING PURPOSE**

We aspire to consolidate a healthy organization and society through the generation of awareness around well-being and the value of life.

A CASE OF SUCCESS

## I ACT *(YO ACTÚO)*

I Promise (Yo Prometo) seeks to integrate health and safety management systems with a solid corporate governance structure, while having an impact on Argos' culture and its stakeholders and has a significant impact on the reduction of incidents. It constitutes a "toolbox" that makes it easier for us to achieve and sustain our goal of ZERO occupational injuries and illnesses.

**How do we achieve this goal? Is it enough to have a management system to stay safe and healthy?** These are questions that we constantly ask ourselves in the personal and work environment. The answer is found in the decisions we make daily, as they affect our actions.

**For conscious, empathetic leadership,** I Act is an initiative aimed mainly at employees with people in charge and who have the skills to influence and inspire their team; it is composed of the following modules:

1. **Leadership Competencies:** Self-assessment with which leaders identify their habits, strengths and opportunities for improvement to establish their growth path.
2. **Roles and Responsibilities:** The responsibilities and expectations in health and safety that leverage the achievement of the objectives set out in the strategy are clarified.
3. **Management of Risks and Emotions:** This includes topics about the psychological management of health, which allows us to prepare ourselves to make decisions that contribute to risk prevention.
4. **Powerful Conversations:** Communication skills are a powerful tool for influence and mobilization. This module facilitates the collaborative construction and the genuine commitment of the members in the achievement of common goals.

In the first generation, during 2022, **altogether, 76% of leaders were trained,** distributed among Colombia, Central America and the Caribbean. In the coming years, it is expected to continue with I Act in all territories.

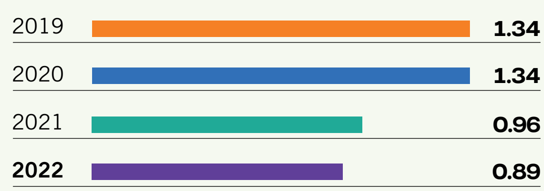
**I Act strengthens our safety culture and promotes** that each action we take contributes to the collective achievement of staying safe and healthy inside and outside our facilities.

## PERFORMANCE 2022

### Performance Compared to Indicators

We have the conviction to reach **ZERO** and stay safe and healthy anywhere. This is how – in 2022 – we achieved the following performance in the prioritized monitoring indicators:

[A-SI1] **Consolidated Frequency Index**



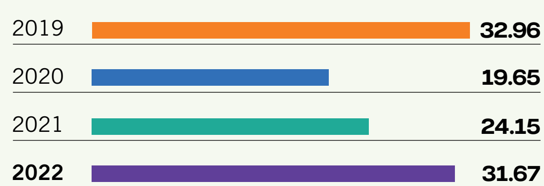

There has been a

**36%**

**REDUCTION**

in the Frequency Index in the last three years.

[A-SI1] **Consolidated Severity Index**




See the performance of our indicators

[A-SI3] **Serious Injuries**

2022 **7** | Target 2025 **0**

[A-SI4] **Total Injuries**

2022 **13%*** | Target 2025 **50%**

[A-SI7] **High-Risk Situations Intervened in a Timely Manner**

2022 **70%*** | Target 2025 **100%**

* *The remaining percentage has a medium- and long-term action plan.*

[A-SI6] **The absenteeism indicator of direct employees due to general illness** remained stable compared to the previous year, still affected by cases related to COVID-19. It is expected that the control of this indicator, in addition to the strengthening of preventive programs, reflects its positive impact on the control of common diseases.

**0 FATALITIES**
in direct employees and contractors in our facilities.


The Atlanta Plant; the United States

## Recognition of our Operations in Puerto Rico and Atlanta for One Year without Reportable Injuries or Illnesses

In 2022, the Portland Cement Association presented its Chairman Safety Award to cement plants that had no reported injuries or illnesses during the year. Two of the nine plants recognized with that level of excellence were our operations in Atlanta and Puerto Rico. This achievement has been the result of the common vision of staying safe and healthy, the work plan aligned with the company's strategy, visible leadership, empathic, effective communication, and teamwork.

## A Call to Action

To reach all our employees through the learning acquired in the investigation and analysis of incidents, moving from communication to action and improving continuously, the program "A Call to Action to Keep Us Safe and Healthy" was launched.

The lessons are published with a QR Code, through which we track the impact in terms of socialization. Between 2021 and 2022, 10 Calls to Action were launched in four languages, generating more than 8,700 reading records. An example of this is the case of our operation in the Dominican Republic, where we managed to go from five to zero rollovers during unloading maneuvers.

## Safety in Major Maintenance Stoppages

Maintenance stoppages are one of the riskiest activities carried out in all cement plants. Concluding this process without injuries has always been a challenge, given the simultaneity of high-risk actions and non-routine tasks; this, added to the different levels of awareness of non-regular contractors.

During 2022, we had twelve major stoppages in six countries, in which more than 2,000 people participated. These were carried out under a complete identification of risks and with the controls required in the activities to be carried out, such as boarding routes for day and night behaviors, daily talks (including calisthenics), audit of standards that save lives, inspection of tools and drug and alcohol testing.

**100%**

**OF THE MAJOR STOPPAGES** achieved the goal of zero injuries to people. This represents a sample of visible, consistent, empowered leadership on health and safety issues in all our activities.

A member of the Board of Directors in a simulator; the United States

## Virtual Reality as an Ally in Safety

Simulators have been key to the development of skills in our employees, since they allow them to face risk situations in controlled environments, which prepares them to make better decisions and avoid the recurrence of unwanted events, such as falls by not using the three support points, burns in cyclone unblocking processes, rollovers, among others.

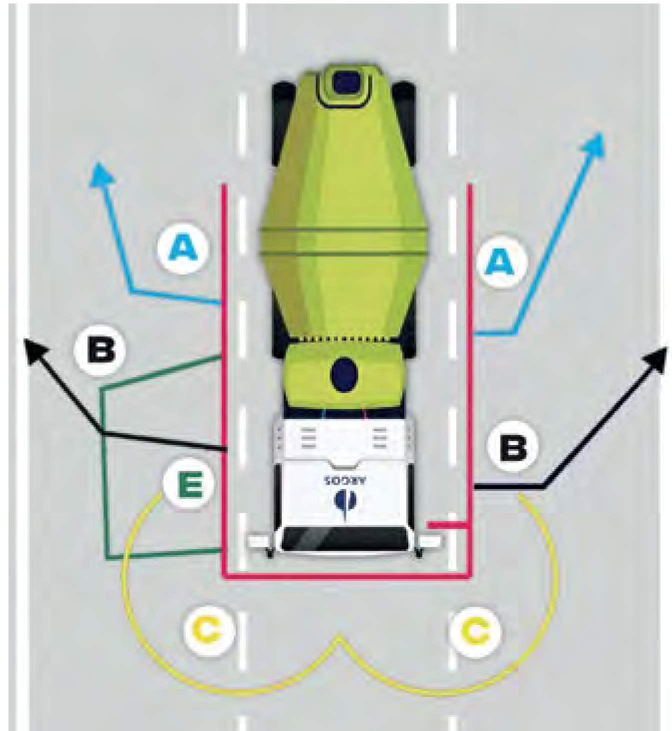
### A ROLLOVER VIRTUAL-REALITY SIMULATOR IN CONCRETE OPERATIONS IN THE UNITED STATES REGIONAL

Since the implementation of the simulators – in which 2,150 employees have participated – rollovers have been reduced by 83%. This has contributed to the reduction of the company's frequency and total injuries index. The process has been updated to generate greater interaction with the driver by controlling their speed, creating awareness of the safe distance between vehicles when driving, and educating on defensive driving to avoid improper reactions.

## The Comprehensive Health and Wellness Program

During 2022, we developed a pilot study on the biomechanical conditions of mixer drivers; this involved employees of different genders and ages and of different seniority, to identify the possible causes of symptoms related to musculoskeletal diseases, such as rotator cuff and low back pain.

Through the analysis of different hypotheses, it was shown that drivers should pay more attention to the adjustment of the seat, considering anthropometric conditions, as well as habits or behaviors when driving, causes that influence the presentation of symptoms. Based on the results, action plans were defined to deal with the drivers.




*Espejódromo*

## Road Safety

We have executed different processes to identify risk factors in mobility and campaigns focused on preventing incidents with other road actors.

### *ESPEJÓDROMO*

Blind spots are one of the most relevant risk factors. To have a better visual and avoid invisible angles while driving the mixers, we implemented two additional mirrors in each vehicle that cover the areas that are not easily perceived, thus minimizing the risk.

Learn more about this Program

### CONTROL POSTS OR SAFE POINTS ON THE ROAD

The objective is to audit the basic aspects of mobility while driving in the field through the analysis of the driver's physical and emotional conditions, the technical-mechanical condition of the vehicle and the characteristics of the infrastructure and recommend road safety actions to prevent road incidents.

Since 2018, random checkpoints called 'Safe Points' have been established in conjunction with transit authorities, the Police and the Army.

During 2022, we were recognized by the National Road Safety Agency in Colombia as the best initiative among more than 70 practices postulated by other companies.

**+10,000**

**ROAD ACTORS**
including pedestrians, cyclists, motorcyclists, drivers of light and cargo vehicles and traffic authorities were impacted with traffic education content during 2022.

IN THE WEB


# SOCIAL VALUE

**SDGs**

1 NO POVERTY
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
10 REDUCED INEQUALITIES
11 SUSTAINABLE CITIES AND COMMUNITIES
17 PARTNERSHIPS FOR THE GOALS

**Impact on the Business**

- Risks

**Strategic Pillars of Sustainability**

- Social Value Creation

Young Builders of the Country in Puerto Nare, Colombia

We contribute to the development of society through the construction of relationships of trust that generate development opportunities to promote joint growth and our role in the territories. This, considering the responsibility of our operational actions, the respect for and promotion of Human Rights.

## MANAGEMENT OBJECTIVES

### For the Company

To guarantee the sustainability of the business and our corporate objectives and minimize social risks to strengthen the support of the communities and continue operating with a high reputational standard.

### For Society

To promote development opportunities to increase the quality of life and improve social conditions in the territories where we are present, while addressing the long-term development needs of communities and sowing an equitable relationship without creating a culture of dependency.

## HOW IT IS MANAGED

Learn about
our Community Strategy

**Under three aspects and targets associated with compliance by 2030:**

**1.**

**Act Responsibly**
- **Zero** materializations of risks for the community
- **Zero** percent of high-risk operations and critical of affecting communities

**2.**

**Build Relationships of Trust**
- **Zero** reiterative complaints by the community
- Achieve **70%** satisfaction in communities

**3.**

**Generate opportunities:**
- Achieve **30% of resources** leveraged with third parties
- Achieve **630,000 people** impacted through social investment programs

## PERFORMANCE 2022

### Respect for Human Rights in the Yumbo Communities

Firm in our commitment to protect and recognize Human Rights, we permanently assess and manage the risks associated with them.

Based on this premise, in the operation of the Cement Plant in Yumbo, Colombia, we carried out a community participation exercise that allowed us to extend the useful life of the *La Calera* Mine for another 14 years.

To achieve this, all the guidelines and good practices were followed with three community councils of ethnic groups certified by the Directorate of Prior Consultation of the Ministry of the Interior of Colombia; these were: *Mulaló, San Marcos* and *Manga Vieja*. In addition, non-ethnic groups belonging to the communities in the area of influence participated.

**Of this management stands out:**

- The complete execution of the prior consultation methodological route established by the Colombian Government and the formalization of agreements with the three community councils.
- Strengthening the relationship with the community and local and national authorities.
- The development of Argos' competencies to manage future participation processes with ethnic groups.

Delivery of Healthy Homes (*Hogares Saludables*) in Yumbo, Colombia

**Materialization of Risks for the Community**


** Baseline year*

See more social indicators.

## We Innovate with the Largest Commitment to Social and Economic Development in Colombia

Social innovation is a permanent challenge in our company; for this reason, we have focused on identifying sustainable initiatives, models and allies that allow us to generate value.

As a result of this, we identified the Obras por Impuestos (Works for Taxes) mechanism adopted by the Colombian Government, which allows the productive sector to participate in the construction of the country with the destination of up to 50% of the income tax for the execution of projects that benefit communities settled in the areas most affected by the armed conflict.

Since 2020, our Technical Advisory Team created the Obras por Impuestos Committee, an initiative that connects multiple companies that want to be part of social transformation, but that - due to the nature of their business and their experience - did not dare to participate in these types of initiatives. Through this, we were able to connect the intentions and capabilities of nearly 30 companies to carry out civil works projects and other technical aspects that benefit less-favored communities.

In 2022, we executed the school provision project in partnership with Celsia, for an investment of COP 5.504 Billion, which benefited more than 23,630 students and teachers from municipalities affected by the armed conflict in the western and southwestern subregions of the Department of Antioquia, in Colombia.


Delivery of water filters in Turbaco, Cartagena, Colombia

## We Contribute to Accessing Clean, Safe Water

In 2022, within the framework of the Grupo Argos Foundation's *AquaVida* Program, the purpose of which is the conservation of water resources through actions with a social and ecological focus, through an alliance with different organizations we contributed to the development and installation of three solutions to access safe water and basic sanitation.

The facilities worked were:

- Two sustainable energy kits, with a solar panel and battery for public use, respectively. These contain an ultrafiltration system called SkyHydrant with a ten-year useful life, which also offers low-cost safe, sustainable water; streetlights, which are community elements made with reused plastic, and clean garbage collection points.
- Installation of the SafeWater System in five educational centers in Antioquia, which allow drinking water to be delivered through water treatment by microfiltration, disinfection and safe storage.
- Delivery of water filters as an alternative solution for the treatment and storage of this resource in rural communities in 15 Departments and 65 municipalities in Colombia.

**+25,200**

**PEOPLE WERE BENEFITTED**
with this project and thanks to this solution, today their access to quality water is guaranteed.

Learn about the *AquaVida* Program.

A CASE OF SUCCESS

## FULFILLING DREAMS OF DECENT HOUSING

Cementos Argos executes its community relations strategy by generating development opportunities and promoting and managing Human Rights. Healthy Homes (Hogares Saludables) is a program that - under a model of joint work among communities, local municipalities, community organizations, hardware stores, local suppliers and participating families - promotes the restoration of the fundamental right of every person to enjoy a level of adequate life. With this, we carry out interventions in homes replacing dirt floors with concrete floors, as well as adaptations of bathrooms, kitchens, among other areas; all under the model of directed self-construction.

During 2022, the program continued its strengthening process with the purpose of making its intervention model replicable and leveraging more resources to increase its impact. In this sense, it had a specialized team of professionals dedicated exclusively to the project and the decision was made to implement an impact evaluation to quantitatively measure its results in different territories of Colombia, work that was carried out with EAFIT University. In addition, alliances were made with organizations to strengthen the implementation of the initiative and internal teams were trained, who will continue to support the implementation of Healthy Homes in other geographies.

This program, designed and led by Cementos Argos, was born in 2021 and has gathered the experience of more than twelve years in housing interventions in communities surrounding the organization's operations. It has also promoted the management model and strengthened alliances for development.

In 2023, it is planned to increase the number of interventions in Colombia and scale the program management model to countries such as Panama, the Dominican Republic and Honduras.

Learn about the *Hogares saludables* Program.

↑ Healthy Homes; Honduras

In 2022, we positively impacted the lives of more than **6,300 people** with the direct intervention of more than **2,100 homes in Colombia,** a country where the improvement of **10,000 homes** is projected by 2026.

CASA PARA MÍ

Likewise, with the Casa Para Mí (A Home for Me) initiative, we consolidated a new housing business model in Colombia, which links new actors in the value chain and makes use of innovative construction technologies that seek to increase productivity and quality and reduce the environmental impact. With this, we also want to lead the creation of a fund to finance housing projects that offers greater agility in the process for the beneficiaries and a more competitive interest rate than the market.

Within the framework of this initiative, during 2022 more than 50 houses were built in rural areas; currently, there are more than 700 in the study and design phase for different regions of Colombia and we are advancing in the construction of the first urban redensification project in the Manrique neighborhood, located in Medellín, Colombia.

## Social investment and beneficiaries

As a fundamental axis of our community relations strategy, we generate development opportunities in the societies where we operate. During 2022, we strengthened our focus on social investment, with which we were able to structure seven lines of work that gather the experience of the organization; these were: water, sanitation and hygiene, climate change, citizenship for development, economic and educational strengthening, community infrastructure, and housing. During this period, our programs with the greatest impact were framed in housing, community infrastructure, and economic and educational development.

The Grupo Argos Foundation is nourished by contributions from the companies that are part of the *Grupo Empresarial Argos* and with resources from alliances with different entities. During 2022, we delivered contributions that exceeded COP 8.496 Billion, which, when invested strategically, promoted the construction of decent housing, economic and territorial development, and environmental protection in Colombia.

**577,634****

**BENEFICIARIES**
through social investment in 2022

**COP 30,796,043,303***

**SOCIAL INVESTMENT** during 2022

*This includes investment made through the Grupo Argos Foundation.*

*** This includes the beneficiaries impacted by the programs financed through the Grupo Argos Foundation.*

Learn about the Grupo Argos Foundation.

## CHALLENGES

- To develop a technology project that supports the operational, tactical and strategic management of the relationship with communities to allow data analysis and comprehensive decision making.
- To continue strengthening the management system, policies, processes and
- procedures associated with relations with communities to continue its implementation in all Argos operations.
- To promote the integration of other teams that lead projects that impact the generation of opportunities and the creation of social value in the territories where we operate.
- To promote internal and external communications of the community relations strategy and associated programs and projects to create a culture around the social value generated by Cementos Argos.

## ADHESIONS AND INITIATIVES

- Private Social Investment Index, 5th place in the ranking of companies with the best private social investment practices in Colombia in 2022.
- FundaHRSE (Honduran Foundation for Corporate Social Responsibility) Seal of Socially Responsible Company for the fourth consecutive year.
- Distinction, by the *Haititec* Technical Center, for the commitment in the professional and technical training of Haitian youth in the Argos CINA operation, in Haiti.

IN THE WEB


# BUSINESS ETHICS, COMPLIANCE AND INTEGRITY

**SDGs**

8 DECENT WORK AND ECONOMIC GROWTH

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

17 PARTNERSHIPS FOR THE GOALS

**Impact on the Business**

- Risks

**Strategic Pillars of Sustainability**

- Company Value

Argos' Offices; Panama

Our values of ethics and integrity are fundamental and non-negotiable. This has allowed us to consolidate ourselves as a reliable company for all our stakeholders.

We integrate these principles into everything we do, which allows us to responsibly generate value for our organization and society by developing a transparent environment that promotes the correct way of doing business and ensures the integrity of the market and the industry.

Our system is prepared to define remediation plans and increasingly secure control mechanisms, which prevent the materialization of risks of fraud, corruption, money laundering, the financing of terrorism (ML/FT), information security incidents and personal data processing, violation of competition rules, breach of Human Rights, among others.

## MANAGEMENT OBJECTIVES

### For the Company

To promote and sow the integral alignment of employees with the ethical and cultural pillars. This is how we consolidate ourselves as a competitive, reliable company before Investors and other stakeholders.

### For Society

To develop and implement transparent, sustainable behaviors in negotiations and relationships with stakeholders, to generate positive impacts on society.

## HOW IT IS MANAGED

We have voluntarily adopted a self-regulation framework that incorporates mandatory principles and standards in terms of ethics and conduct, which confirms that we conceive our commitment to integrity in business as a way of promoting transparent practices that contribute to the development of competitive, sustainable markets.

See our Code of Conduct.

**CODE OF BUSINESS CONDUCT** | **SUPPLIER CODE OF CONDUCT**

- **Antifraud Policy**
- **Anticorruption Policy** → **Donation Process**
- **Self-control Policy for ML/FT Risks** → **Due-Diligence Protocol**
- **Competition Policy** → **Competition Policy Guide**
- **Personal Data Policy**

- Compliance Program Manual
- Transparency Line Protocol
- Conflict-of-Interest Management Protocol

** Our self-regulation framework is adjusted to the regulatory requirements regarding compliance programs and the standards of DJSI, Financial Times and the London Stock Exchange (FTSE), Código País, ISO 37001, ISO 37002, ISO 37301 and the United States Department of Justice guidelines.*

For the proper implementation of these guidelines, the strengthening of the ethical culture, and the prevention and control of incorrect actions, our Board of Directors approved the Global Government and Compliance Program (PGGC, in Spanish), which includes the Transparency and Business Ethics Program to prevent risks. Its structure incorporates international best practices for evaluating compliance programs, such as the ISO 37001, ISO 37002, ISO 37301 Standards and the United States Department of Justice (DOJ) guidelines.

The PGGC group's activities focused on promoting integrity in each of the company's actions, its employees and the members of the value chain, which allows the updating and permanent strengthening of the program.


**CONTINUOUS UPDATE AND IMPROVEMENT**

- **Regulatory and Risk Evaluation**
- **Development of policies and controls**
- **Training and Communication**
- **Tracking and Monitoring**

# PERFORMANCE 2022

## Transparency Line

The Transparency Line is a channel for our stakeholders to report behaviors contrary to the Code of Business Conduct or other corporate policies and to implement corrective actions or disciplinary sanctions that may apply. The reports are received by an independent third party, which guarantees the protection of the identity of the person reporting and non-retaliation against complaints made in good faith.

The investigation of these reports is carried out by the investigation officers assigned to each category in the different regionals, following the Transparency Line Protocol. High criticality cases are brought to the attention of the Business Conduct Committee and medium- and low-criticality cases are managed and reported to the leaders of each process. The reports that involve the Steering Committee must be reported to the Board of Directors' Sustainability and Corporate Governance Committee.

An Employee in the United States

**Telephones:**

**The United States:** (+1 888) 567 – 6629

**Colombia:** 01 – 8000 – 522 – 021

**The Dominican Republic:** (+1 8001) 485 – 009

**Panamá:** 00800 157 – 1011

**Honduras:** (800) 2791 - 9378

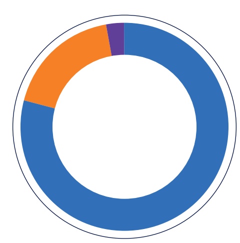
**Email:**

lintransparencia@argos.com.co

During 2022, a disclosure plan on the operation of the Transparency Line was executed for all our stakeholders, which made it possible to report 174 cases, of which 93 were closed.

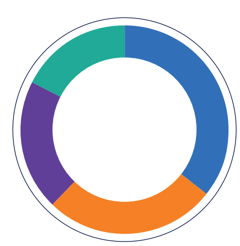
**Reports by Regional**

| | |
|---|---|
| Colombia | **79%** |
| CCA | **18%** |
| USA | **3%** |



**Reports by Category**

| | |
|---|---|
| Communities | **52** |
| Conduct | **51** |
| Labor | **38** |
| Others | **33** |



Web form

See the performance of our indicators.

## Strengthening the Compliance Program in Matters of Free Competition

We made progress in strengthening the program with the support of FTI Consulting Inc., a specialized external consultant that has been working with Argos to provide support in comprehensive risk assessment and identify opportunities for improvement to strengthen controls and create preventive risk measures of competition. In 2022, we implemented many of the recommendations that came up in this review, such as:

- Updating the Argos USA Antitrust Compliance Policy.
- Improvements in technology tools to implement proactive protections, such as abnormal pricing detection, to root out any policy deviations before risks materialize; with this, we advanced in the reinforcement of the controls of the sale price determination process.
- Training 879 employees in competency standards, which included senior management and employees with the greatest exposure to risks in this matter, through practical workshops and virtual training mechanisms.
- At Argos USA, a Compliance Director was hired, a position created to strengthen and reinforce the program in that country.

In addition, these activities were carried out:

- We continued working within the framework of free competition, by reinforcing controls over communications to guarantee compliance with the internal policy; this fulfilled their purpose of detection, monitoring and restriction.
- We updated the commercial policies to align them with the Corporate Competition Policy and the changes in the organization's structure.
- We displayed communication material for the active promotion of the culture of ethics and free competition.

## Compliance Risk Management

Communications were distributed to employees and suppliers, which included guidelines for the processing of personal data and recommendations to mitigate the risks of corruption, bribery and money laundering and financing of terrorism (ML/FT). Additionally, training in compliance risks was given to people who joined the company.

In 2022, we held workshops aimed at the areas and employees with the greatest exposure to the risks of corruption, ML/FT and personal data protection, with the support of the firm OlarteMoure. This allowed them to clarify doubts that they experience in their day-to-day processes and remind them of the duty to contribute to the prevention of these risks in their daily activities.

In addition, we continued to promote our technological tools, such as the execution of due diligence controls and knowledge of counterparties, to prevent the risks of corruption, bribery, fraud, ML/FT and identification of politically exposed persons (PEPs).

**846**
**EMPLOYEES**
trained in compliance risks

Recording of the third season of the course The Power of your Decision, of the *Grupo Empresarial Argos* Compliance Program.

Employees in the Panama Terminal

## We Advanced in the Execution of the Global Government and Compliance Program (GGCP)

We developed these activities for the strengthening and continuous improvement of the Program:

- We updated the Compliance Program to include Transparency and Business Ethics, to prevent corruption and transnational bribery.
- We developed and executed the annual communications plan for employees in the different operations and suppliers.
- We carried out internal audits of the due diligence process and consultation on restrictive lists; from these, action plans were derived that are currently being executed.

We designed an instrument that facilitates the updating of the potential conflicts of interest of employees, as well as the analysis of the measures that must be taken to manage the risk. In 2023, we hope to execute the implementation of this instrument.

Additionally, we continue working on the construction of a role and responsibilities management scheme that allows empowering the regions with regard to the implementation of the Compliance Program, the effective application of the controls associated with the operations and the monitoring of the indicators of each jurisdiction.

**+5,100**

**EMPLOYEES**

declared their conflicts of interest, which allowed implementing measures to avoid the materialization of risks.

In 2023, we will update the Code of Conduct to adapt it to the needs of the industry and the reality of the market to achieve greater coverage in terms of risk management.

## Conduct Training

We disclose our principles of business conduct and its related policies to administrative/corporate personnel in the annual course on conduct, entitled The Power of Your Decision - Third Season. In this course, through the study of practical cases and ethical dilemmas, Grupo Empresarial Argos employees interacted to apply behavior guidelines, solve the dilemmas and decide. This training was adapted to the different languages and the guidelines for conduct regarding ML/FT, personal data, bribery and corruption, and conflicts of interest were transmitted.

Considering the challenges of access to technological tools in operations, technical and operational personnel were trained in easily accessible behavior, which is adapted to the risks they could face in the performance of their duties.

In the United States Regional, the obligations established in the Code of Conduct were disclosed through a course adjusted to the culture of each state where we operate. This focused on administrative staff, who are most exposed to compliance risks. For technical and operational personnel, conduct training is constant and is done through communications and graphic pieces, since there are cultural challenges, geographic dispersion, and limited technological access to conduct the course through the means implemented by the company.
To continue building the best culture of compliance in Argos, one of the purposes for 2023 is to reach all employees, regardless of the aforementioned challenges, to achieve greater coverage of conduct training.

**70%**

**OF EMPLOYEES**
were trained in the Code of Conduct and its associated policies.

Achieve a compliance and conduct training coverage of more than

**75%** **OF THE COMPANY EMPLOYEES**

See more information here on The Power of Your Decision.

## CHALLENGES:

- To continue positioning the GGCP at the various levels and operations of the organization, adjusting it to the cultural realities and needs of each country, in addition to those of our costumers and stakeholders, as well as applicable regulations and good practices in the matter.
- To advance in the automation of controls and alerts associated with the Compliance Program to increase its effectiveness and guarantee better monitoring due to the company's size and its volume of information, the variety of existing data systems and the different geographies in which we operate.

## ADHESIONS/ AWARDS AND RECOGNITIONS

We were recognized in the World's Most Ethical Companies Index.

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IN THE WEB

# PORTFOLIO OF PRODUCTS, SOLUTIONS AND SERVICES WITH SUSTAINABILITY CHARACTERISTICS

**SDGs**

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
11 SUSTAINABLE CITIES AND COMMUNITIES
12 RESPONSIBLE CONSUMPTION AND PRODUCTION
17 PARTNERSHIPS FOR THE GOALS

**Impact on the Business**

- Risks

**Strategic Pillars of Sustainability**

- Costumer Centricity

Road cement; Honduras

Aware of the challenges we face as a society and the importance of being part of the transformation of the industry, we are committed to continuous improvement and innovation of our business model and production processes. At Argos, as part of our value proposition to the world of the future, we offer our costumers a portfolio of products, solutions and services with sustainability characteristics, which - in turn - respond to current challenges to achieve resilient territories.

## MANAGEMENT OBJECTIVES

### For the Company

To respond efficiently to the challenges of the future framed in sustainability and the needs of our costumers and end users to consolidate ourselves as strategic allies in the design and construction of more environmentally friendly projects.

### For Society

To respond with sustainable practices to the growth of the world population, aimed at improving people's quality of life, interconnecting regions and developing innovative solutions in accordance with our higher purpose.

# HOW IT IS MANAGED

Our commitment and efforts to be active agents in building a more resilient future, in which we see ourselves and the relationships we establish with nature in a new way, have led us to focus our efforts on developing Innovative products, solutions and services that present sustainability characteristics. This is why we work in two important areas:

## 1.

**A portfolio of low carbon emission products.**
We have developed products with a lower embedded $CO_2$ content; these have environmental-product declarations and self-declarations, which provide objective, quantitative and rigorous information on their impact to make better decisions when choosing materials for a construction project. Within this category we have:

### Low-Carbon Cements

In these, part of the clinker is replaced by other alternative materials, such as slag, ash and pozzolans, allowing us to achieve $CO_2$ reductions between 34% and 48% in general use cement and from 13% in concrete.

**Learn about our Environmental Product Self-Declaration (EPSD)**

EPD concrete mixes – US – ASTM International

EPD concrete mixes – US – NFS Certification

Self-declared environmental claims


**Produced in our Plants:** Newberry, Martinsburg, Harleyville and Roberta, in the United States.


**Produced in our Plants:** Rioclaro, Sogamoso and Cartagena, in Colombia


**Produced in** the *Piedras Azules* Plant, in Honduras


**Produced in** the *Quebrancha* Plant, in Panama

### Low Carbon Concretes

These are products in which added cements and supplementary cementitious materials can be used to achieve reductions in embedded $CO_2$ emissions, which surpass up to 70%.

To obtain low carbon cements and concretes, we take as reference the international standards offered by the construction-materials sector, such as the Portland Cement Association (PCA) and the National Ready-Mixed Concrete Association (NRMCA), with their Environmental Product Declarations (EPDs).

These cements and concretes respond to our proposed roadmap to reduce $CO_2$ emissions and achieve the 2050 goal of offering carbon neutral concrete.

Environmental product declarations and self-declarations are supported by life-cycle assessment through the implementation of the Global Cement and Concrete Association EPD Tool – Quantis - which complies with product category rules. For cement: Product Category Rules for Portland, Blended Hydraulic, Masonry, Mortar, and Plastic (Stucco) Cements (National Sanitation Foundation (NSF), 2020); for concrete: Product Category Rules for Concrete (NSF, 2019).

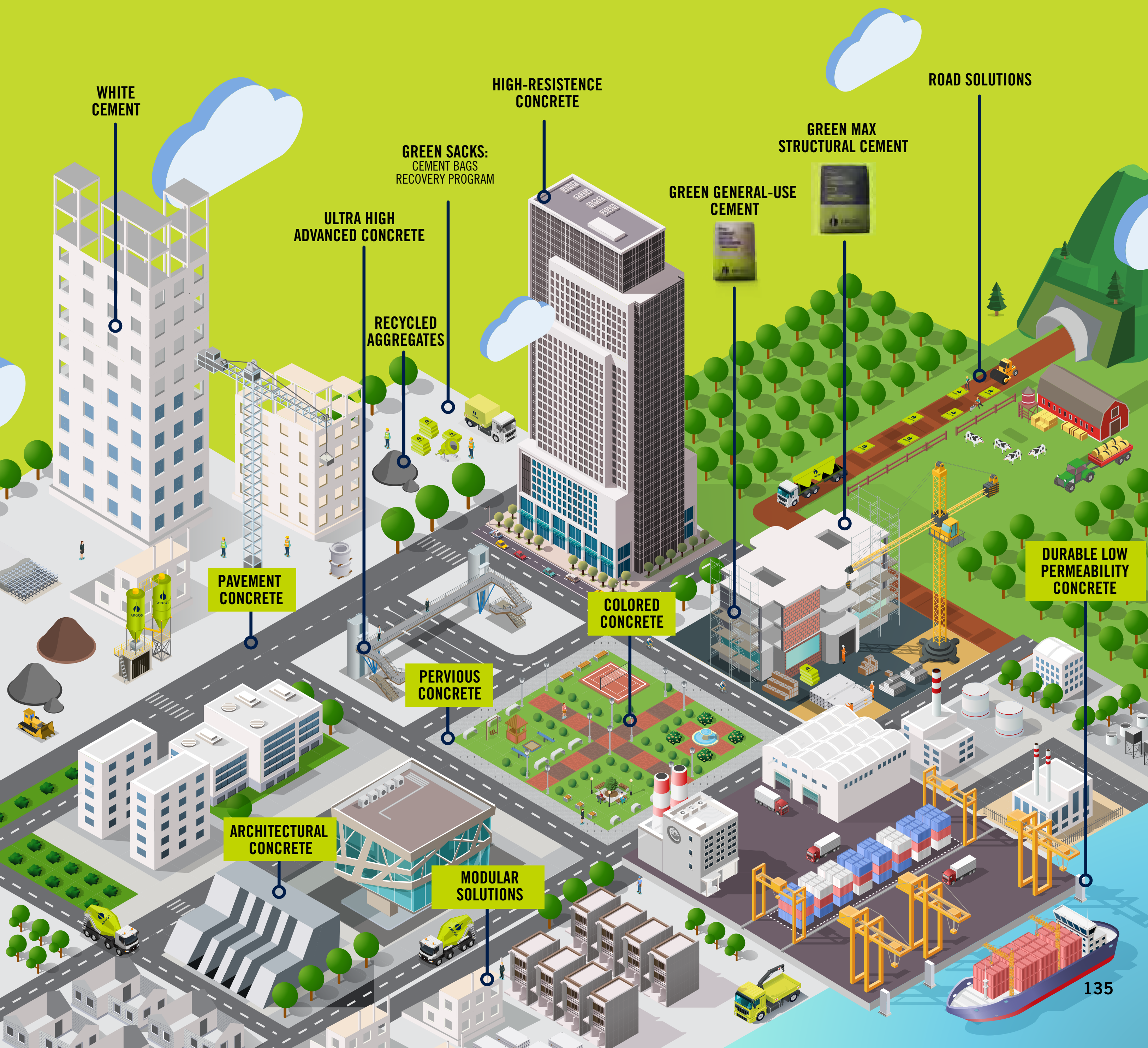
# 2.

**Solutions and products that make the construction of housing and sustainable infrastructure possible**

We position ourselves as strategic allies for the development of the territories where we have a direct presence and through the empowerment of our value chain. Through the construction of housing and sustainable infrastructure, we enable the closing of gaps, the generation of employment, the improvement of the quality of life and the reduction of impacts.

We frame our work in three main lines: Smart Cities, Cities for Everyone, and Interconnected Cities. In each one, our products and solutions have been protagonists for economic and social development.

## Smart Cities



## Smart Cities

### STRUCTURING ARGOS' BIM PORTFOLIO

Building Information Modeling (BIM) is an integral system that allows the design of 3D plans of any structure or building. In addition, it makes it possible for the project information to be concentrated in one place, so that all those involved in each stage of the work can make their contributions and access them.

### GREEN SOLUTIONS PORTFOLIO

Based on the analysis of the needs of our costumers, the challenges posed by sustainable construction and the strengths that we have developed as an organization, we have segmented our portfolio of products, solutions and services with sustainability characteristics into two groups:

Low Carbon: Represented by our portfolio of cement and concrete products with lower $CO_2$ emissions during the production phase, which - compared to international standards - represent significant reductions.

Conscious Construction: A portfolio of products, solutions and services that contribute to adaptation, climate change and the circular economy, since they reduce the use of non-renewable resources in the manufacturing or construction stage, increase the useful life of the infrastructure, allow water management as a resource and contribute to well-being, comfort and health.

### USE OF CONSTRUCTION AND DEMOLITION WASTE

With the purpose of strengthening our vision of circular economy, during 2022 we developed the project for the storage and use of construction and demolition waste (CDW) for its use in concrete plants.

To learn more, see page 147.

## Cities for Everyone

At Argos, we work - together with our value chain - in the execution of projects that benefit the less-favored population through initiatives to close gaps, thereby facilitating access to decent housing, and promoting the execution of projects in the areas of influence:

### SOLUCIONES MODULARES

A highly industrialized construction system that revolutionizes the execution of the structure through the installation and assembly of precast concrete structural elements. The projects are developed in a controlled factory environment using high-resistance concrete and connections developed and verified under experimental tests, following the requirements and methodologies of the Colombian Earthquake-Resistant Construction Regulations NSR-10 and AC 133.

#### Transformation through Innovation Focused on Comprehensive Solutions

**Modular design**

**Production**

**Transport**

**Assembly**

We currently offer solutions, such as:

- Modular systems for the construction of buildings and infrastructure.
- Modular systems for buildings and infrastructure in advanced concrete

### ALLIANCES FOR DEVELOPMENT: WORKS FOR TAXES

Works for Taxes is a mechanism adopted by the Colombian Government, which allows the productive sector to participate in the construction of the country with the destination of up to 50% of the income tax charged to carry out projects that benefit communities settled in the municipalities most affected by the armed conflict in the country.

To learn more, see page 124.

### 3D PRINTING: NEW TECHNOLOGIES FOR THE DEVELOPMENT OF HOUSING

New technologies are the basis for creating disruptions in the market. Three-dimensional (3D) printing is a great opportunity to increase agility in closing housing gaps. The possibility of automating the construction process allows reducing time, increasing labor productivity, optimizing the use of materials and reducing waste.

## Interconnected Cities

Attentive to a latent need to interconnect urban and rural areas, aimed at expanding the coverage of basic services such as health, we continue working on:

### ROAD SOLUTIONS

An integral infrastructure requires that tertiary or rural roads be connected to the great corridors that go towards progress. This solution consolidates a series of internationally endorsed technologies with local regulatory support, which will allow project developers to identify the advantages of each of the available alternatives for the appropriate choice, according to need.

See other indicators on this topic.

The Mamonal Port Project, in Cartagena, Colombia

## PERFORMANCE 2022

### GREEN SOLUTIONS

**+USD 1,565**

**MILLION** in sales of products with sustainability characteristics

**34%**

**OF THE COMPANY'S SALES** were for Low-Carbon cements


### LOW-CARBON

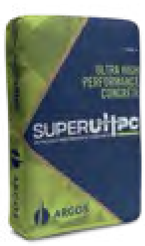
**Ecostrong**
In 2022, we announced the launch of **EcoStrong PLC Cement in the United States Regional.** This is a high quality blended hydraulic cement, used in sustainable construction practices, which can reduce carbon emissions by up to 9%. Likewise, it exhibits Argos' passion for developing solid solutions to build together a more environmentally friendly world.

Construction with UHPC Concrete; the United States

## CONSCIOUS CONSTRUCTION

**Argos' SUPER UHPC: Tomorrow's Concrete, Now**

We launched the new SUPER UHPC, an ultra-high-performance concrete developed under a rigorous research process on the North American market. This particularly innovative product is made up of a series of cementitious materials and fibers that give it outstanding mechanical and durability properties and lighter structures with less material consumption. It also makes it possible to make more elements per cubic meter, compared to conventional concrete, demonstrating its high performance and sustainable value.




This product is very versatile and has a wide range of applications; among them, the construction of pedestrian and vehicular bridges, façade panels and pavements for roads stand out. It is also ideal for the repair and rehabilitation of existing structures.

## SMART CITIES

**BIM**

At Argos, we have made progress in generating valuable information for our costumers' designers, who use the BIM methodology, which allows them to correctly select the materials within the portfolio, which includes not only the general specifications of the concrete, but also the alternatives of its application in the typical elements of the works. Additionally, it also assesses the impacts of these materials by means of a report on the reduction of $CO_2$ emissions according to the types of concrete and the volumes of the project. In 2023, we hope to make the official launch to all our costumers.

This is a solution that we are extremely proud of, even more so because we know that it is already being used to maintain bridges in Florida. We originally developed it in Colombia and then adapted it and brought it to the US market. We are sure that our SUPER UHPC will help in the rehabilitation of thousands of deteriorated bridges and roads, as well as in the construction of a new, more durable infrastructure. For all this and more, this is considered the concrete of the future!".

**Juan Esteban Calle**
Cementos Argos CEO


An employee in the Concrete Modular Solutions Industrial Plant, in Cajicá, Colombia

A CASE OF SUCCESS

## MODULAR SOLUTIONS

We developed *Soluciones Modulares Argos S.A.S.*, a company incorporated in February 2022 by the Concretos Argos Subsidiary. It began to produce and market modular solutions in Colombia with the first industrialized mass-production plant for concrete housing.

In the introduction of the system in Colombia, we highlighted the integrated work with structural designers and specifiers for the NSR-10 Standard and with the Permanent Advisory Commission, which allowed us to prepare the system, aimed at obtaining better short-term design conditions and solve the critical factors of the system against the new NSR in 2024.

In Cajicá, Cundinamarca, in 2022 we inaugurated the Modular Solutions Industrial Plant, a project with all the quality technical characteristics and that is at the forefront of the needs of the construction market in Colombia. This account has an installed capacity of up to 4,000 homes per year, with which it is intended to generate more than 60 direct and 300 indirect jobs in the region.

This project seeks to create added value to the SociaL Interest Housing (VIS, in Spanish) market in the country through an innovative construction system that reduces project execution times and guarantees higher quality and comfort for owners.

As a result of commercial management with the main construction companies in the country, we will complete more than 1,600 homes in Bogotá and La Sabana de Bogotá by 2023.

In accordance with the business plan for the coming years, noteworthy is that for 2024 an 7% Return On Capital Employed (ROCE) is estimated, which will continue to grow in the coming years until it reaches 34.5% in 2025 and, thus, obtain superior performance in the following years.

Find more information in this link.

### CITIES FOR EVERYONE

**3D**
In 2022 in Colombia, we developed mortars or inks with local raw material for various applications with excellent performance in the fresh and hardened state. Their use has been validated in the printing of elements of interior and urban furniture and in the construction of building walls. During 2023, we are going to carry out a pilot housing project that will allow us to continue scaling the technology in the market and position the new construction method as a solution to the housing deficit.

***Concrefácil* Launch**
In the Central America Regional, we have been working on the development of alternative products to cement that facilitate access to the construction and dignification of housing for populations that do not have the resources and/or knowledge to self-construct their homes. The new *Concrefácil* product is part of the *Hazlo Fácil* (Make it Easy) Line, of the portfolio that we offer in Panama, and is designed for a quick application and storage that allows gradual self-construction, adjusting to the available resources of each family.


**The acceptance of the product is confirmed by the 13,600 tons sold with which we closed 2022, compared to 2,800 in 2021, the year of its launch.**

### INTERCONNECTED CITIES

***Cemento Vial* in Honduras**
In 2022, we launched ***Cemento Vial*** (Road Cement) in Honduras through the signing of the Agreement with the Coffee Fund of Honduras; this materializes the commitment between both parties to provide technical support, added to the development of a cost-efficient solution for the different rural roads that present a great development opportunity for the more than 10,000 kilometers of tertiary roads.


**The product has a lower percentage of clinker, since it is replaced by limestone. This translates into a reduction in the amount of $CO_2$ emission.**

## CHALLENGES

- To continue offering and raising awareness among our costumers about the importance of developing their projects with a portfolio of products, solutions and services with sustainability characteristics, to respond to their needs and the design and construction challenges they face in the territories.
- To consolidate and expand our portfolio of products, solutions and services with sustainability characteristics in the territories where we are present.
- To continue to actively participate in discussions on emerging sustainability issues in the industry and promote the adoption of best practices in the company.

## ADHESIONS AND INITIATIVES

- The Global Cement and Concrete Association (GCCA)
- The Inter-American Cement Federation (FICEM, in Spanish)
- The Colombian Council of Sustainable Construction (CCCS, in Spanish)
- The Colombian Chamber of Construction (CAMACOL, in Spanish)
- The Portland Cement Association (PCA)
- The National Business Association of Colombia (ANDI, in Spanish)
- E60.

IN THE WEB

# ENVIRONMENTAL MANAGEMENT

**SDGs**


**Impact on the Business**

- Risks

**Strategic Pillars of Sustainability**

- Road to Net Zero

Biodiversity; the United States

We consciously and responsibly manage renewable and non-renewable natural resources that interact with our operations and the value chain through the identification and management of environmental impacts, which enable the prioritization of action lines in the environmental strategy and the implementation of the management system.

We are convinced that an appropriate environmental management allows us to improve and generate sustainable value for the company and our stakeholders, a fundamental area for enabling and maintaining prosperous, healthy economies that will last for many years.

## MANAGEMENT OBJECTIVES

### For the Company

To manage renewable and non-renewable natural resources associated with our operations through the prevention, mitigation, correction and compensation of impacts, as well as responsible actions that promote relationships of trust with our stakeholders.

### For Society

To contribute to the availability of valuable environmental services for current and future generations by implementing controls and Impact management plans in our operations.

## HOW IT IS MANAGED

Argos' environmental strategy is the roadmap to achieve high performances and manage natural capital; this, through:

- Comprehensive water management
- The measurement and reduction of other gas emissions into the atmosphere
- The achievement of a net-positive impact on biodiversity, which is leveraged by the commitment of no net deforestation and not operating in protected areas or areas declared as having a high value for biodiversity.
- The implementation of circular economy models in our processes to manage products from their preparation to their disposal.
- The contribution to closing the waste cycle in the geographies where we operate through co-processing and the recovery of waste in our process.

Learn more about the environmental strategy..

**11.08**

**MILLION M³**

(93.5%) of water was recirculated in 2022, corresponding to the average consumption of 60,000 families per year.

## PERFORMANCE 2022

### Water and Biodiversity

We are committed to making responsible use of vital services, such as water and biodiversity; this, through the identification and management of significant impacts and risk management in our operations.

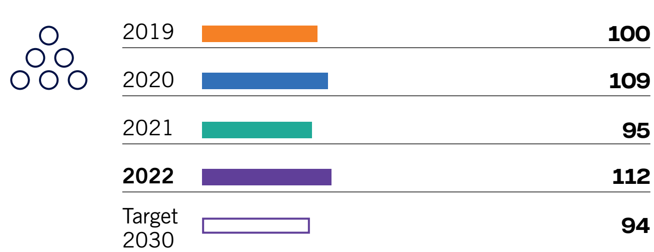
#### SPECIFIC WATER CONSUMPTION

We reached a specific water consumption of 227 L/t in the Cement business, 334 L/m3 in the Concrete business, and 112 L/t in the Aggregates business. This demonstrates the commitment and efforts to meet the goals of the environmental strategy.

**Performance in the Last Four Years in Cement:**


**Performance in the Last Four Years in Concrete:**


**Performance in the Last Four Years in Aggregates:**

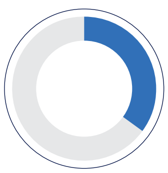



See other Environmental Indicators.

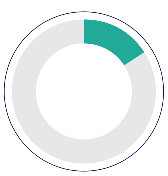
## WATER RISKS

We continue to assess the water risk in all our active facilities. Supported by technological tools, we determine the level of water stress, based on the relationship of total annual withdrawals, including local municipal and industrial, and the total annual flow available in the area.

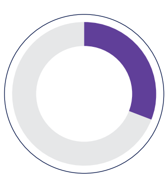
**Percentage (%) of Facilities Located in Basins with Water Stress**



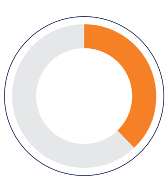
| | |
|---|---|
| Low stress | **35%*** |



| | |
|---|---|
| Medium stress | **16%*** |



| | |
|---|---|
| Medium-high stress | **31%** |



| | |
|---|---|
| High stress | **38%** |
| Extreme tension | **0%** |

**38%**

**OF THE TOTAL WATER EXTRACTED** is obtained in areas of water stress.

“I really liked the activity because it raised awareness with the cleaning and conservation of our beaches and public places.”

**Robertico Araujo,** Professional in Technology

### *PALMA D'OR AWARD* – RECOGNITION FOR ENVIRONMENTAL MANAGEMENT

For the integrated water management project, Argos Panama obtained an honorable mention in the Palme d'Or Award, which is promoted by the Industrial Union (SIP, in Spanish) and the American Chamber of Commerce (Amcham). This is awarded annually to companies with successful cases of implementing sustainable environmental practices which, in turn, demonstrate the incorporation of methodologies that promote change towards a circular economy.

### WE CELEBRATED THE INTERNATIONAL COASTAL CLEANUP DAY

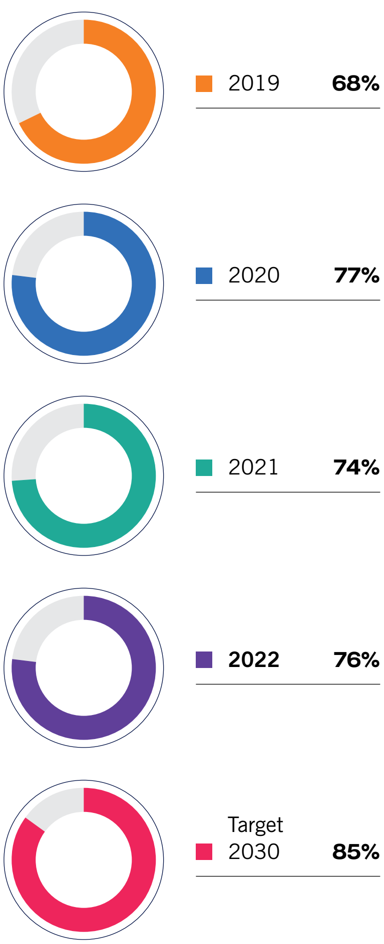
To raise awareness about the effect of waste on natural sites - such as beaches - and the relevance of our contribution in their care, in the Dominican Republic we cleaned up the *Playita de Nigua.* This activity had 86 employees and different members of the community and public and private entities.

Altogether, **3,430 kg** of waste were collected!

## BIODIVERSITY MANAGEMENT

- By 2022, 76% of the active and inactive quarries located in areas with high value for biodiversity have an established management plan. (A-BI1)
- We continue working to expand the coverage of the biodiversity management plans in all our facilities that are in high-value areas to achieve the 2030 target.

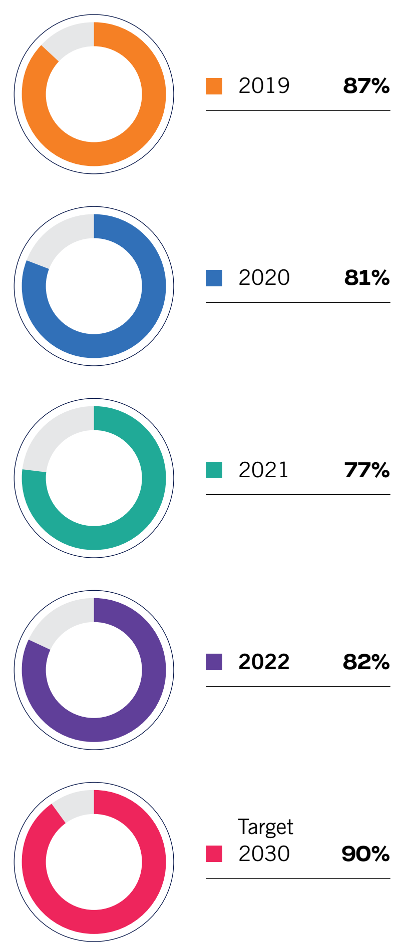
**Quarries in High-Value Areas with a Management Plan**




Biodiversity in the influence area of the operation in the United States

- During 202, we rehabilitated 463 hectares that were part of our mining operation in all the Regionals, which is equivalent to 82% of the areas released in our quarries. Once they are compensated, they will have a $CO_2$ capture potential of nearly 57,600 tons in the coming years. (A-BI2)
- Of the total number of active and inactive quarries, we managed to formulate 86% of the respective closure plans, which allows us to have a clear picture regarding the management of environmental impacts and the sustainability of the territories. (A-BI4)

**Rehabilitation of intervened areas**



### WE SUPPORT THE "MAKE IT MANDATORY" (*HAZLO OBLIGATORIO*) BUSINESS FOR NATURE CAMPAIGN

We were one of the more than 330 commercial and financial institutions that asked various Governments to go beyond voluntary actions in relation to the declaration and evaluation of impacts on biodiversity, with the aim of stopping and reversing its loss; all this, within the framework of the United Nations Biodiversity Conference (CBD COP15), held in Montreal between December 7 and 19, 2022.

### WILDLIFE HABITAT COUNCIL CERTIFICATION (WHC)

Five cement plants and eight terminals continue with WHC Certifications, thanks to the commitment and initiatives in habitat conservation. This has made it possible to contribute to the improvement of biodiversity conditions, which brings benefits for the company, the communities and the environment.

**One of our conservation projects was carried out at our Roberta Cement Plant in the United States.** There, a waste area was transformed into an active ecosystem by creating habitats for deer and pollinating species, such as butterflies, bees and songbirds; this materialized through these innovative measures:

- Use of sterile rock, which was normally discarded, to build perimeter berms;
- Use of waste clay as topsoil and planting of complete vegetation of native grasses and flowering plants;
- Topographic management of the area with gradual slopes that protect the soil surface in case of extreme rainfall;
- Directing rainwater from the area towards artificial ponds that will serve as habitats for wetland plants and animals.

### THE UN CONFERENCE ON BIODIVERSITY

In October 2022, we signed the COP15 Business Declaration, which focuses on guaranteeing the preservation of the environment through the implementation of regulations that limit the negative impact of organizations on the planet. Its objective is to conserve natural resources and promote sustainable practices in different countries.

The signatory companies are calling on world leaders to set mandatory standards for all large corporations and financial institutions to assess and report their impact on biodiversity by 2030.

In Argos we are aware of the importance of natural resources, not only for the development of the territories, but also for health and social well-being. We know that our actions are fundamental to assume the challenges that humanity faces; this is why we are committed to the care and responsible management of natural resources, in order to promote a more sustainable future for all".

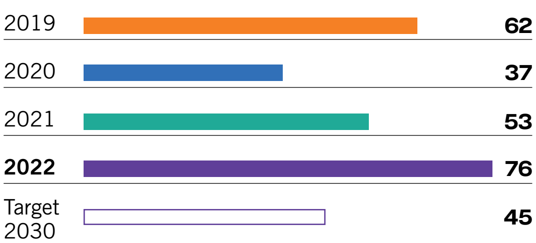
**María Isabel Echeverri**
Corporate Affairs VP
of Cementos Argos

## Other Emissions

We are focused on the proper measurement, control, and reduction of the emissions of $SO_2$, NOx, and particulate matter generated by our production processes, as well as the prevention and mitigation of our dispersed emissions of particulate matter (dust), through operational control, optimization and renewal of emission control systems.

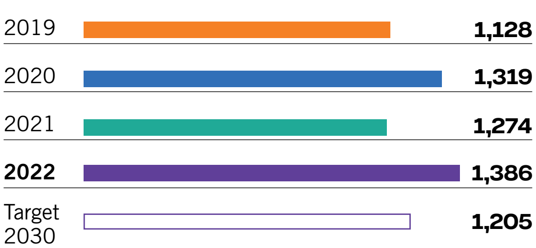
### SPECIFIC PM EMISSIONS

**Performance gr MP/t clinker**



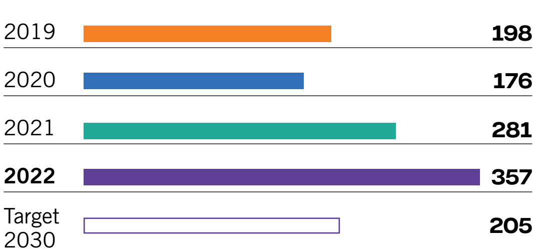

### SPECIFIC NOX EMISSIONS

**Performance gr NOx/t clinker**




### SPECIFIC $SO_2$ EMISSIONS

**Performance gr $SO_2$/T clinker**




The *Piedras Azules* Plant, in Honduras

There was an increase in PM, $SO_2$ and NOx emissions compared to the previous year. All our operations guaranteed legal compliance with the applicable regulations. This increase is attributed to the global energy crisis, which caused high variability in the quality of coal available on the market, particularly regarding sulfur and ash content.

Our Hebron and Reames operations in North Carolina, the United States, received the Air Quality Excellence Award for going beyond compliance with legal obligations in their emissions permits, passing required tests and inspections, and evidencing the absence of complaints from the community for nuisances due to dust and odor emissions.

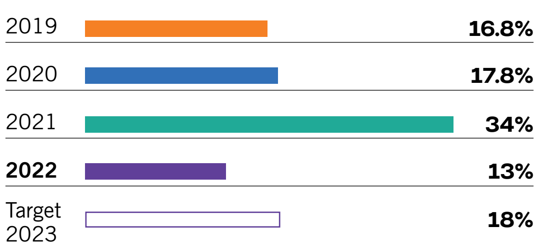
## Circular Economy

We are aware that the circular economy is a change in the way of producing and consuming, as it is part of the reduction of waste and pollution from design to materials, which enter the economic cycle and are used for as long as possible.

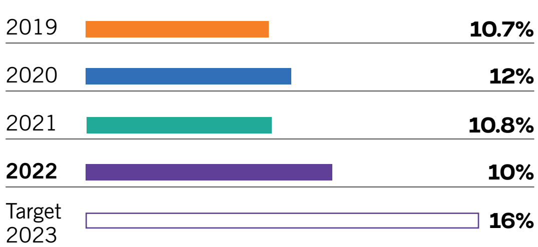
### ALTERNATIVE RAW MATERIALS IN CEMENT AND SUPPLEMENTARY CEMENTITIOUS MATERIAL IN CONCRETE

In 2022 we achieved the following results:

**Supplementary Cementitious Material in Concrete:**




**Alternative Raw Materials in Cements:**




In 2022, we achieved

**10%**

**IN THE USE OF ALTERNATIVE RAW MATERIALS**
in cement production

**13%**

**OF SUBSTITUTION OF SUPPLEMENTARY CEMENTITIOUS MATERIAL**
in the Concrete business

### WASTE MANAGEMENT

We focus on the implementation of actions to prevent, reduce, reuse and recycle our waste to comply with the regulatory framework in each of the regions where we operate. We highlight actions, such as:

- Post-Consumer Agreements: Delivery to the supplier of waste from electrical and electronic equipment, lighting and lead-acid batteries;
- Composting of organic waste from food services;
- Sale of scrap metal waste to be reincorporated into other production processes;
- Donation of cement and concrete waste to communities for infrastructure improvement

**53%**

**OF OUR WASTE GENERATED**
was recycled, reused and recovered to suppliers.

### USE OF CONSTRUCTION AND DEMOLITION WASTE (CDW)

Since 2020, we have a project to produce recycled aggregates in our concrete plants in Medellín, Colombia, based on the use of CDW through the management of closing production cycles with our costumers and handling of surpluses and sludge from the wastewater treatment plants (WWTP).

**+55,000**

**TONS OF CONSTRUCTION AND DEMOLITION WASTE (CDW)**
have been processed between 2020 and 2022, and 46% of this volume, between gravel and sands, was processed for sale to third parties or to be integrated into the production of concrete.

Work with Ecomaterial, in the Arraiján district; Panama

### WE CONTRIBUTE TO THE CIRCULARITY OF CONCRETE

In our concrete plants in Panama, we take advantage of the fresh concrete returned by our costumers in the production of precast elements for industrial use and for beautification and recovery of social areas. This project began in 2019, and by the end of 202,2 we were able to use approximately 15% of the total concrete returned.

The benefits of this initiative are translated into the reduction of the extraction and processing of raw materials, the reduction of costs associated with transportation and the disposal of concrete sludge, which represents the total reduction of $CO_2$ emissions.

Another of the actions to use returned concrete consists of the delivery of this material to the communities through community boards, which have been able to solve infrastructure needs, such as tiles, ditches, landfills, among others. This has represented 78% less sludge generation, more than 4,500 tons of concrete used, and savings of approximately USD 35,000.

### GREEN SACKS (SACOS VERDES)

This project provides a free alternative to our costumers for the proper management of waste from bags of cement, aggregates, and ready mixes that are generated at construction sites through their collection, via reverse logistics, and delivery to companies that subsequently take advantage of them in processes, such as the manufacture of fiber cement parts, the production of cardboard tubes or the preparation of alternative fuels derived from waste.

In this way, we contribute to reducing the amount of waste that is taken to landfills and reducing the pressure on natural resources.

The **Green Sacks Program** was born in 2013 in Colombia and, by the end of 2022, it has allowed the collection of more than **11 million sacks,** equivalent to a use of **more than 1,500 tons of paper,** which has **prevented the felling of approximately 15,000 trees** for the manufacture of paper or fiber pulp.

In 2022, thanks to the commitment of our costumers who voluntarily participated in the project, we started a pilot at the PIA Cement plant in Honduras. At the end of 2022, the recovery of 29,571 sacks was achieved.

SACOS VERDES

Recovery of quarries in Barranquilla, Colombia

### THE ENVIRONMENTAL MANAGEMENT SYSTEM

This is a living element supported by a robust process model that has coverage throughout the organization.
The management of the system is verified through:

- Internal and external audits based on ISO 14001;
- Self-assessment tools with which we validate the status of implementation of the environmental strategy in each of our operations
- Digital platforms that allow us to identify, evaluate and monitor the environmental regulations applicable to our processes.

In 2022, **we received the first audit by the GCCA,** the objective of which was to evaluate the implementation of the sustainability commitments in its five key pillars: health and safety, climate change and energy, social responsibility, environment and nature, and circular economy.

## CHALLENGES

- To continue with the implementation of control measures to reduce PM, $SO_2$ and NOx emissions, to achieve the goals established in the environmental strategy, considering the energy crisis that is occurring in the world.
- To identify and promote opportunities for efficiency, cost savings and impact reduction in water resources.
- To establish and execute the risk assessment methodology related to biodiversity, which allows the identification of possible impacts and opportunities.
- To comply with the commitments derived from the United Nations Conference on Biodiversity (COP15).

## ADHESIONS/ AWARDS AND RECOGNITIONS

BUSINESS FOR NATURE


IN THE WEB

# HUMAN RIGHTS

**SDGs**

SUSTAINABLE DEVELOPMENT GOALS

**Impact on the Business**

- Risks

**Strategic Pillars of Sustainability**

- Social Value Creation

A hardware store costumer in Barranquilla, Colombia

Human Rights are a global commitment that are part of our vision of sustainability. We understand that the best way to create value is by leveraging the development of operations and respectful relationships, always ensuring the protection and promotion of the Human Rights of our stakeholders and by meeting the Sustainable Development Goals (SDGs) established in the UN 2030 agenda, to contribute to the growth of all the areas where we operate.

We are committed to and aligned with the United Nations Framework to protect and respect our Human Rights Policy. As a general guideline, we have compliance with the laws of the countries where we are present and adherence to initiatives, such as the International Bill of Human Rights, the fundamental principles and rights established in the Declaration of the International Labour Organization (ILO) and the fundamentals that govern human rights and business.

Since 2014, our Human Rights Policy **governs all operations and countries where we are present.** Through this we monitor the risks and impacts of our activities on our stakeholders.

Learn about the Human Rights Policy.

## MANAGEMENT OBJECTIVES

### For the Company

To manage Human Rights risks in operations, promote our cultural pillars and maintain relationships of trust with all stakeholders.

### For Society

To promote and sensitize stakeholders about respect for Human Rights and the prevention of actions that generate risks in this matter, to avoid affecting the integrity of people inside and outside the organization.


Safe Point in Colombia, an example of risk management with communities.

## ¿HOW IT IS MANAGED?

The principles of Human Rights are reflected in our actions, operations and daily relationship with all our stakeholders. In addition, we have a due diligence and risk management process, which allows us to monitor the behavior of the company and our prioritized stakeholders, which implies knowing the reality of our facilities and the challenges in aspects of diversity that our organization has.

### This Process Consists of Four Main Steps:

1. **Risks Identification** — Identification of risks according to the level of violation of relevant Human Rights, as the case may be, in the stakeholders that we have defined as priorities.
2. **Action Plans and Remediation** — Definition of action and remediation plans that reduce risks or close the gaps identified.
3. **Tracking and Monitoring** — Definition of follow-up activities that allow validating the execution of the action plans, while monitoring their impacts and raising alerts if any identified risk increases.
4. **Updating of Risks** — Constant updating of risks through the connection and identification of these with the information available in other corporate reporting systems, such as the Transparency Line.

#### RELEVANT HUMAN RIGHTS RISKS

- Discrimination
- Violation of due process
- Not taking care of people
- Denial to freedom of association and collective bargaining
- Forced labor
- Child labor
- Workplace harassment

#### PRIORITIZED STAKEHOLDERS

- **Employees**
- **Communities**
- **Suppliers**
- **Investors**

# PERFORMANCE 2022

| IN OUR HUMAN RIGHTS POLICY | FROM OUR POLICIES | OUR COMMITMENTS |
|---|---|---|
| **Personal Safety and Integrity** | 1 Relationships of trust.<br>2 Safe, healthy conditions to prevent occupational accidents, professional illnesses and emergencies.<br>3 Provide safe, healthy conditions to all employees, contractors and visitors and promote them in our other stakeholders with a sense of co-responsibility.<br>4 This includes labor laws, including those related to social security, occupational and industrial health and the health, pension and professional risk regime.<br>5 We respect and promote Human Rights in our stakeholders. We provide safe working conditions.<br>8 9 * | • Cement Sustainability Assessment (CSI)<br>• Prevention of occupational fatalities, injuries and accidents<br>• The I PROMISE occupational health and safety management program<br>• SDGs |
| **No to Forced or Child Labor**<br><br>**No to Human Trafficking** | 1 Relationships of trust.<br>2 Labor Practices: The prohibition of child and forced labor.<br>4 This contains the regulations regarding the protection of personal data.<br>5 We respect and promote Human Rights in our stakeholders.<br>8 9 * | • ILO Principles<br>• SDGs |
| **Freedom of Association and Strike** | 1 Relationships of trust.<br>2 We recognize and respect the right to form and join or not unions and establish collective bargaining.<br>5 We respect and promote the Human Rights of our stakeholders.<br>8 9 * | • ILO Principles<br>• SDGs |

## Our Policies

1 Sustainability Policy
2 Talent Management Policy
3 OH&S Policy
4 Hiring and Purchasing Policy
5 Code of Business Conduct
6 Gender Equality Policy
7 Board of Directors' Appointment, Remuneration and Succession Policy

| IN OUR HUMAN RIGHTS POLICY | FROM OUR POLICIES | OUR COMMITMENTS |
|---|---|---|
| **Equity and Inclusion** | 1 Shared values.<br>2 Labor Practices: Diversity, inclusion and equity<br>6 All<br>7 All<br>5 We respect and promote the Human Rights of our stakeholders. We are cordial and respectful.<br>8 9 * | • ILO Principles<br>• SDGs |
| **No to Violence or Harassment** | 1 Shared values.<br>2 Labor Practices: Fair, equitable and trans-parent treatment<br>Equal opportunities<br>Exercise functions freely and voluntarily<br>Prohibition of forced labor<br>Threats, violence or harassment is not tolerated in the workplace.<br>5 We respect and promote the Human Rights of our stakeholders<br>8 9 * | • ILO Principles<br>• The Transparency Line open channel to deal with any case of violence or harassment<br>• SDGs |
| **Work-Life Balance A Decent Job** | 1 Responsible production.<br>2 Talent Attraction and Retention: Conditions for a healthy balance between personal and work life.<br>5 We respect and promote the Human Rights of our stakeholders.<br>8 9 * | • The option of teleworking for some employees<br>• Enjoyment of vacations<br>• Extended time in maternity leave |

In 2023 we will carry out, with a third-party, the evaluation of the Human Rights management system, which includes the company's due diligence process, the validation of critical issues and the levels of corporate controls.

8 **Human Rights Policy:** We carry out economic activities responsibly, committed to respect and promote the Human Rights of all people and acting in accordance with the Sustainability Strategy, which seeks to create value for society and the company.

9 **Procurement Policy:** Throughout the hiring process, we urge our contractors to comply with the rights established in the International Bill of Human Rights, the Principles of the International Labour Organization and applicable laws that recognize labor and Human Rights and other fundamental rights.

## Monitoring our Value Chain in Human Rights Matters

At Argos, we have realized the importance of understanding the risks and impacts derived from relationships with our suppliers; for this reason, we work to maintain responsible, transparent relationships with them and create strategies to identify opportunities for improvement in this area.

One of these strategies is the Sustainability Index, a self-assessment tool that allows us to know how this Stakeholder is managed in aspects, such as child and/or forced labor, freedom of association, payment of social benefits and, in general, the policies and actions they carry out to guarantee respect for Human Rights in their companies. Based on the results of this diagnosis, we draw up Action and Strengthening Plans to work with them."

**Juliana Echeverría**
Sustainability
Supply Chain Analyst

## Human Rights Risk Assessment for Communities

During 2022, we continued with the assessment of Human Rights Risks in prioritized operations and local teams, in order to achieve a complete diagnosis that will subsequently allow us, to make them aware of its importance and train them so that they can detect effects on them and, especially, identify preventive actions that protect our communities.

The risk assessment determines the possible effects of our activities on the Human Rights of the communities; risks include:

- Negative impacts on the integrity and property of the members of the community and/or the operation affectation due to environmental and operational impacts;
- Affectation by property management;
- Affectation of ethnic groups and especially vulnerable people

In 2023, we will update the baseline of the prioritized operations and we will expand the evaluation to other Argos operations.

**100%**

**OF OUR JOINT VENTURES**
were included in the due diligence process

Hardware store costumers; Panama

An Argos employee; the United States

### The Second-Chance Program in the United States

In recent years, our Florida recruitment team has implemented a program that helps include people in formal employment who have been incarcerated or who have a criminal record to provide them with equal opportunities in their claim process and reintegration into society. With this exercise, we have made them feel productive and included.

### The Human Rights Committee

In 2022, we created this Committee to monitor the due diligence process and risk management in Human Rights with prioritized stakeholders. It is made up of a representative from the following areas: Talent, Suppliers, Compliance, Risks, Community Relations, and ESG.

By 2025, we will guarantee the operation of the Human Rights Committee four times a year.

**100%**

**OF OUR PRIORITIZED STAKEHOLDERS**
have action plans to close gaps.

> At one point, I didn't know what direction my life would take. When I went to get my Commercial Driver's License, I knew someone at Argos and they told me about the Program. I was hesitant at first, but I took a chance, and the company gave me a chance. Very quickly, I felt like family and soon realized that the pressure was on me. I had never earned the money that I earn now and I am very grateful."

**A Concrete Business Driver**

## CHALLENGES

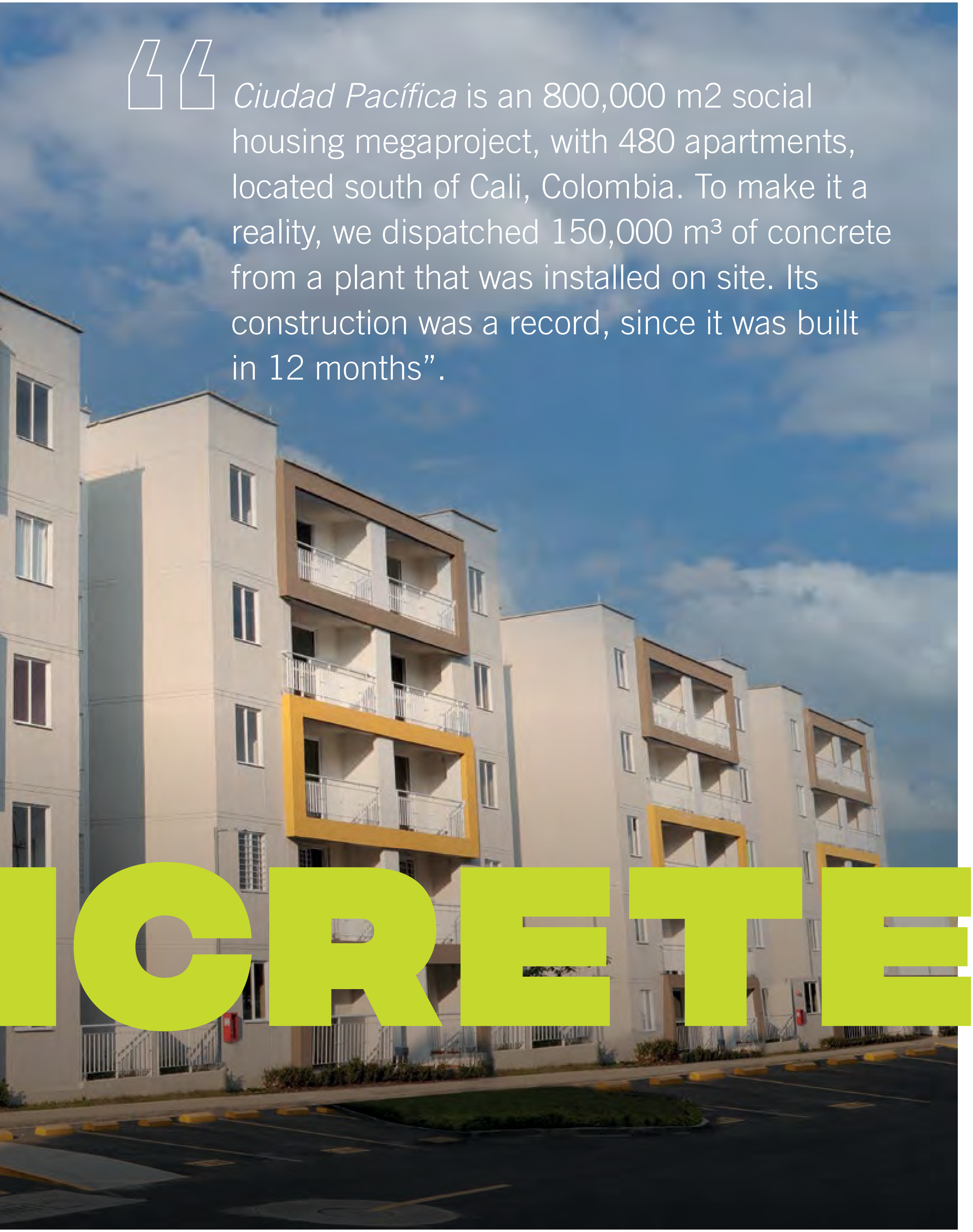
- To define new metrics that allow us to make Human Rights management visible to all stakeholders.
- To continue with the work of raising awareness with our allies to promote the channels of interaction and strengthen the existing risk assessment mechanisms to prevent those who may violate Human Rights.
- To generate alliances to work on the promotion and respect of Human Rights internally and externally.

# 04

ANNEXES

# WE CON

EXTRAORDINARY SOLUTIONS



“*Ciudad Pacífica* is an 800,000 m2 social housing megaproject, with 480 apartments, located south of Cali, Colombia. To make it a reality, we dispatched 150,000 m$^3$ of concrete from a plant that was installed on site. Its construction was a record, since it was built in 12 months”.

CRETE

# CERTIFICATION FROM THE LEGAL REPRESENTATIVE OF THE COMPANY

Dear
Shareholders
Cementos Argos S.A.
Barranquilla

**The undersigned Cementos Argos S.A. Legal Representative**

## CERTIFIES HEREBY:

That the annual consolidated financial statements ended on December 31, 2022, do not contain any faults, inaccuracies, or substantial errors that might prevent knowing the actual equity situation or the operations undertaken by Cementos Argos S.A. The foregoing is with the purpose of complying with Article 46 from Act 964/2005.

In witness whereof, I have hereunto set my hand on February 21, 2023.

**Juan Esteban Calle Restrepo**
Legal Representative

# CERTIFICATION FROM THE LEGAL REPRESENTATIVE AND ACCOUNTING CORPORATE MANAGER OF THE COMPANY

The undersigned Cementos Argos S.A. Legal Representative and Accounting Corporate Manager do hereby certify that, in accordance with Article 37 from Act 222/1995, the annual consolidated financial statements ended on December 31, 2022, have been faithfully taken from the books and that before being made available to you and third parties, we have verified the following statements contained therein:

1. All existing assets and liabilities, as well as all transactions recorded, have been carried out during said years..

2. All economic facts carried out by the Company have been recognized.

3. Assets represent probable future economic benefits (rights), and liabilities represent probable future economic engagements (obligations), obtained by or on behalf of the Company.

4. All elements have been recognized by their appropriate values according to the applicable Financial Reporting Standards in Colombia.

5. All economic facts affecting the Company have been correctly classified, outlined, and revealed.

In witness whereof, I have hereunto set my hand on February 21, 2023.

**Juan Esteban Calle Restrepo**
Legal Representative

**Óscar Rodrigo Rubio Cortés**
Corporate Accounting Manager
P.C. 47208 - T

KPMG S.A.S.
Calle 2 No. 20 – 50, 7 Floor, Q Office Building
Medellín - Colombia

Telephone 57 (4) 3556060
home.kpmg/co

# STATUTORY AUDITOR'S REPORT

To the Shareholders
Cementos Argos S.A.:

## Opinion

I have audited the consolidated financial statements of Cementos Argos S.A. and Subsidiaries (the Group), which comprise the consolidated statement of financial position as of December 31, 2022 and the consolidated statements of comprehensive income, of changes in equity, and of cash flows for the year then ended, and their respective notes that include the summary of significant accounting policies and other explanatory notes.

In my opinion, the aforementioned consolidated financial statements attached to this report present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2022, the consolidated financial performance of its operations, and its consolidated cash flows for the year then ended, in conformity with Accounting and Financial Reporting Standards accepted in Colombia, applied uniformly with the previous year.

## Basis for opinion

I conducted my audit in accordance with International Standards on Auditing (ISAs) accepted in Colombia. My responsibilities under those standards are further described in the Statutory Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Group, in accordance with the Accounting Professionals Code of Ethics Issued by the International Ethics Standards Board for Accountants (IESBA Code), included in the Information Assurance Standards accepted in Colombia together with the ethical requirements established in Colombia that are relevant to my audit of the consolidated financial statements, and I have fulfilled my ethical responsibilities in accordance with these requirements and the IESBA Code mention. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

## Key Audit Matters

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the consolidated financial statements of the current period. These matters were addressed in the context of my audit of the consolidated financial statements as a whole, and in forming my opinion thereon, and I do not provide a consolidated opinion on these matters.

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| Impairment of long-lived assets – Goodwill (See note 4 and 17 to the consolidated financial statements) | |
|---|---|
| **Key Audit Matter** | **How was this addressed in the audit** |
| The consolidated financial statement includes a Goodwill for COP2.011.850 million, as a result of acquisitions made in previous years, for which an assessment of changes is required annually in accordance with IAS 36 - Impairment of Assets.<br><br>This represents a key audit matter because of the material amount of the Goodwill, and because it involves complex and subjective judgments made by the Group's management in relation to long-term sales growth, costs and operating margins projected in the different regions where the Group operates, as well as in the determination of the discount rates used to discount future cash flows. | My audit procedures to assess the recoverability of goodwill balances included, but were not limited to, the following:<br>- Evaluation of the consistency in the distribution of Goodwill in the different cash generating units (CGU) identified by the Group in relation to the allocation of the previous year.<br>- Involvement of professionals with relevant knowledge and experience in the industry whom assisted the Group in (1) Evaluating the key assumptions used in the impairment tests performed by the Group, including the input data, (2) perform independent calculations supported with information obtained from external sources on discount rates and the macroeconomic variables used, (3) compare the result of the calculations obtained above, with those made by the Group and (4) perform a sensitivity analysis including a possible reasonable reduction in the key variables.<br>- Comparison to the previous year's budget with the current data, to verify the degree of compliance and, consequently, the accuracy of the projections made by the Group's management.<br>- Assessment of whether the disclosures included in the notes to the financial statements are appropriate in accordance with IAS 36. |

| Assessment of the recoverability of deferred tax assets (See note 4 and 9 to the consolidated financial statements) | |
|---|---|
| **Key Audit Matter** | **How was this addressed in the audit** |
| The Group has recognized in the state consolidated financial position an asset for significant deferred tax for COP123,976 million, originated from tax losses and other tax credits from the parent company Cementos Argos S.A.<br><br>This represents a key audit matter because assessing the recoverability of such assets involves complex judgments related to the determination of estimates on the company's projected taxable profits, as well as in estimating the periods over which the asset is expected to be recovered. | My audit procedures to assess the recoverability of deferred tax assets included, but were not limited to, the following:<br>- With the involvement of professionals with experience and knowledge in valuation, comparison of key assumptions used by the Group in determining projected pre-tax results, with independent recalculations and information obtained from external sources, when available.<br>- With the involvement of professionals with experience and knowledge in taxes, evaluation of the main assumptions on which the tax adjustments made to pre-tax income determined based on the financial projections, as well as the period of reversal of temporary differences, the expiration of tax losses and other tax credits, and the tax strategies proposed by the Group. |

**Other matters**

The consolidated financial statements as of and for the year ended December 31, 2021 are presented solely for comparative purposes, were audited by me and I expressed an unmodified opinion on those financial statements in their report dated February 17, 2022.

**Other Information**

Management is responsible for the other information. The other information comprises the Integrated Report but does not include the consolidated financial statements and my auditors' report thereon. The information include in the Integrated Report, is expected to be made available to me after the date of this auditors´ report.

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

In connection with my audit of the consolidated financial statements, my responsibility is to read the other information identified above when it becomes available and, in doing so, consider

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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 reading the content of the integrated report if I conclude that there is a material error in that other information, I am required to report this fact to those charged with governance.

**Responsibility of management and those charged with corporate governance for the consolidated financial statements**

Management is responsible for the preparation and reasonable presentation of this consolidated financial statements in accordance with Accounting and Financial Reporting Standards accepted in Colombia. This responsibility includes designing, implementing and maintaining such internal control as management deems necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable under the circumstances.

In preparing the consolidated financial statements, Management is responsible for assessing the Group's ability to continue as going concern, disclosing, as applicable, matters relating 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 corporate governance are responsible for overseeing the Group's financial reporting process.

**Auditor's responsibilities for the audit of the consolidated financial statements**

My 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 auditor's report that includes my 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, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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.

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

- Conclude on the appropriateness of the 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 I conclude that a material uncertainty exists, I am required to draw attention in my report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my 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 so that the consolidated financial statements are reasonably presented.

- I 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. I am responsible for the direction, supervision and performance of the Group´s audit. I remain solely responsible for my audit opinion.

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

I also provide those charged with Group governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, the related safeguards.

From the matters communicated with those charged with corporate governance, I 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. I describe these matters in my report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

(Original version issued in Spanish and signed by)
Gonzalo Alonso Ochoa Ruiz
Statutory Auditor
Professional License 43668 - T
Appointed by KPMG S.A.S.

February 21, 2023

Cementos Argos S. A. and Subsidiaries

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As of December 31, 2022 and 2021 | Million Colombian Pesos

| | Notes | | 2022 | | 2021 |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| Cash and Cash Equivalents | 5 | $ | 790,086 | $ | 483,229 |
| Derivative financial instruments | 6 | | 66,715 | | 16,263 |
| Other financial assets | 7 | | 470,805 | | 160 |
| Trade and other accounts receivable, net | 8 | | 1,353,453 | | 1,130,253 |
| Tax assets | 9 | | 173,580 | | 155,790 |
| Inventories | 10 | | 1,502,691 | | 1,035,296 |
| Other non-financial assets | 24 | | 244,559 | | 126,816 |
| Assets held for sale | 18 | | 40,944 | | 42,507 |
| **Total current assets** | | **$** | **4,642,833** | **$** | **2,990,314** |
| Trade and other accounts receivable, net | 8 | | 47,705 | | 48,782 |
| Investments in associates and joint ventures | 12 | | 49,084 | | 26,602 |
| Derivative financial instruments | 6 | | 87,544 | | 15,974 |
| Other financial assets | 7 | | 1,219,082 | | 876,394 |
| Other intangible assets, net | 14 | | 669,344 | | 704,845 |
| Right-of-use assets in lease, net | 20 | | 580,846 | | 595,787 |
| Biological assets | 11 | | 19,470 | | 19,953 |
| Property, plant and equipment, net | 15 | | 13,401,459 | | 11,890,008 |
| Investment property | 16 | | 266,953 | | 225,282 |
| Goodwill, net | 17 | | 2,011,850 | | 1,862,913 |
| Deferred tax assets | 9 | | 259,645 | | 312,948 |
| Other non-financial assets | 24 | | 10,117 | | - |
| **Total non-current assets** | | **$** | **18,623,099** | **$** | **16,579,488** |
| **TOTAL ASSETS** | | **$** | **23,265,932** | **$** | **19,569,802** |
| **LIABILITIES** | | | | | |
| Financial Liabilities | 19 | | 1,197,958 | | 1,476,758 |
| Lease liabilities | 20 | | 126,980 | | 118,945 |
| Trade liabilities and accounts payable | 21 | | 1,383,501 | | 983,726 |
| Tax liabilities | 9 | | 94,530 | | 63,100 |
| Employee benefits liability | 22 | | 173,361 | | 180,102 |
| Provisions | 23 | | 109,179 | | 95,660 |
| Other financial liabilities | 26 | | 85,018 | | - |
| Derivative financial instruments | 6 | | 21,908 | | 1,360 |
| Outstanding bonds and preferred shares | 25 | | 458,288 | | 317,884 |
| Other financial liabilities | 24 | | 272,419 | | 247,135 |
| **Total current liabilities** | | **$** | **3,923,142** | **$** | **3,484,670** |
| Financial Liabilities | 19 | | 3,119,319 | | 1,615,678 |
| Lease liabilities | 20 | | 563,899 | | 556,586 |
| Trade liabilities and accounts payable | 21 | | - | | 5 |
| Employee benefits liability | 22 | | 191,913 | | 237,982 |
| Derivative financial instruments | 6 | | 649 | | 47,451 |
| Provisions | 23 | | 189,720 | | 201,762 |
| Outstanding bonds and preferred shares | 25 | | 2,740,742 | | 2,926,871 |
| Deferred tax liability | 9 | | 467,394 | | 293,992 |
| **Total non-current liabilities** | | **$** | **7,273,636** | **$** | **5,880,327** |
| **TOTAL LIABILITIES** | | **$** | **11,196,778** | **$** | **9,364,997** |
| Issued capital | 27 | | 2,242,552 | | 2,242,552 |
| Repurchased own shares | 27 | | (113,797) | | (113,797) |
| Reserves | 28 | | 451,540 | | 388,181 |
| Accumulated income | | | 1,789,968 | | 2,130,215 |
| Other comprehensive income | 28 | | 6,648,207 | | 4,602,967 |
| **Total attributable equity to controlling interests** | | **$** | **11,018,470** | **$** | **9,250,118** |
| Non-controlling interests | 30 | | 1,050,684 | | 954,687 |
| **EQUITY** | | **$** | **12,069,154** | **$** | **10,204,805** |
| **TOTAL LIABILITIES AND EQUITY** | | **$** | **23,265,932** | **$** | **19,569,802** |

Notes are an integral part of these consolidated financial statements.

**Juan Esteban Calle Restrepo**
Legal Representative
(See attached certification)

**Óscar Rodrigo Rubio Cortés**
Corporate Accounting Manager
P.C. 47208 - T
(See attached certification)

**Gonzalo Alonso Ochoa Ruiz**
Statutory Auditor
Professional License 43668 - T
Appointed by KPMG S.A.S.
(See my report of February 21, 2023)

Cementos Argos S. A. and Subsidiaries

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Years ended December 31, 2022, and 2021 | Million Colombian Pesos

| | Notes | | 2022 | | 2021 |
|---|---|---|---|---|---|
| **Continued operations** | | | | | |
| Operating income | 31, 32 | $ | 11,684.055 | $ | 9,817,689 |
| Cost of sales | 10 | | (9,627,196) | | (7,912,107) |
| **Gross profit** | | **$** | **2,056,859** | **$** | **1,905,582** |
| Administrative expenses | 33 | | (745,458) | | (644,734) |
| Selling expenses | 33 | | (331,495) | | (284,761) |
| Other operating income, net | 34 | | 196,440 | | 258,926 |
| Impairment of non-current assets | 17 | | (724) | | (18,123) |
| **Operating profit** | | **$** | **1,175,622** | **$** | **1,216,890** |
| Financial income | 36 | | 52,303 | | 32,738 |
| Financial expenses | 37 | | (658,399) | | (434,224) |
| Foreign currency exchange gains, net | 35 | | 3,421 | | 10,387 |
| Net interest in associates and joint ventures | 12 | | 7,461 | | (8,157) |
| **Profit before income tax** | | **$** | **580,408** | **$** | **817,634** |
| Income tax | 9 | | (365,594) | | (293,698) |
| **Net income for the year** | **39** | **$** | **214,814** | **$** | **523,936** |
| **Period income attributable to:** | | | | | |
| Controlling interests | 38 | | 142,287 | | 431,132 |
| Non-controlling interests | 30, 38 | | 72,527 | | 92,804 |
| **Net income for the year** | **39** | **$** | **214,814** | **$** | **523,936** |
| | | | | | |
| **OTHER COMPREHENSIVE INCOME** | | | | | |
| **Items that will not be reclassified to profit or loss** | | | | | |
| Remeasurements of post-employment benefit obligations | 22 | | 39,686 | | 44,428 |
| Changes in the fair value of equity investments at fair value | | | 339,736 | | 133,429 |
| Income tax related to these items | 9 | | (12,628) | | (11,562) |
| **Total items that will not be reclassified to profit or loss** | | **$** | **366,794** | **$** | **166,295** |
| **Items that may be reclassified to profit or loss** | | | | | |
| Net gains from instruments on cash flow hedges | | | 55,281 | | 27,120 |
| Gains by differences in foreign exchange from conversion | | | 1,822,448 | | 1,197,468 |
| Income tax | 9 | | (15,590) | | (6,291) |
| **Total items that may be reclassified to profit or loss** | | **$** | **1,862,139** | **$** | **1,218,297** |
| **Other comprehensive income for the period, net of tax** | | **$** | **2,228,933** | **$** | **1,384,592** |
| | | | | | |
| **TOTAL COMPREHENSIVE INCOME FOR THE PERIOD** | | **$** | **2,443,747** | **$** | **1.908,528** |
| | | | | | |
| **Other period income attributable to:** | | | | | |
| Controlling interests | | | 2,045,241 | | 1,264,248 |
| Non-controlling interests | 30 | | 183,692 | | 120,344 |
| **Other comprehensive income** | | **$** | **2,228,933** | **$** | **1,384,592** |
| | | | | | |
| **Total comprehensive income attributable to:** | | | | | |
| Controlling interests | | | 2,187,528 | | 1,695,380 |
| Non-controlling interests | 30 | | 256,219 | | 213,148 |
| **Total comprehensive income** | | **$** | **2,443,747** | **$** | **1,908,528** |
| | | | | | |
| **Basic and diluted earnings per share:** | | | | | |
| Attributable earning to controlling interests | 39 | | 121.56 | | 368.34 |

Notes are an integral part of these consolidated financial statements.

**Juan Esteban Calle Restrepo**
Legal Representative
(See attached certification)

**Óscar Rodrigo Rubio Cortés**
Corporate Accounting Manager
P.C. 47208 - T
(See attached certification)

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KPMG S.A.S. member.
(See my report of February 21, 2023)

Cementos Argos S. A. and Subsidiaries

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Years ended December 31, 2022, and 2021 I Million Colombian Pesos

| | Notes | Issued capital | Repurchased own shares | Legal reserve | Other reserves | Accumulated income | Other comprehensive income | Total attributable equity to controlling interests | Non-controlling interests | Total equity |
|---|---|---|---|---|---|---|---|---|---|---|
| **Balance as of January 1, 2021** | | **$ 2,142,313** | **(113,797)** | **119,051** | **462,428** | **1,817,515** | **3,411,631** | **7,839,141** | **872,816** | **8,711,957** |
| Period income | 38 | - | - | - | - | 431,132 | - | 431,132 | 92,804 | 523,936 |
| Other comprehensive income for the period, net from tax | | - | - | - | - | - | 1,264,248 | 1,264,248 | 120,344 | 1,384,592 |
| **Comprehensive period income** | | **$ -** | **-** | **-** | **-** | **431,132** | **1,264,248** | **1,695,380** | **213,148** | **1,908,528** |
| Ordinary dividends declared in cash | 29 | - | - | - | - | (143,539) | - | (143,539) | (105,433) | (248,972) |
| Preferred dividends declared in cash | 29 | - | - | - | - | (37,685) | - | (37,685) | - | (37,685) |
| Ordinary dividends distributed in shares | 29 | 97,017 | - | - | - | (97,017) | - | - | - | - |
| Preferred dividends distributed in shares | | 3,221 | - | - | - | (3,221) | - | - | - | - |
| Reserves constitution | | - | - | 7,814 | 22,977 | (30,791) | - | - | - | - |
| Reserves release | | - | - | - | (224,089) | 224,089 | - | - | - | - |
| Changes in ownership without loss of control | | - | - | - | - | - | (72,912) | (72,912) | (25,772) | (98,684) |
| Other variations by equity method subsidiaries | | 1 | - | - | - | (30,268) | - | (30,267) | (72) | (30,339) |
| **Balance as of December 31, 2021** | | **$ 2,242,552** | **(113,797)** | **126,865** | **261,316** | **2,130,215** | **4,602,967** | **9,250,118** | **954,687** | **10,204,805** |
| **Balance as of January 1, 2022** | | **$ 2,242,552** | **(113,797)** | **126,865** | **261,316** | **2,130,215** | **4,602,967** | **9,250,118** | **954,687** | **10,204,805** |
| Period income | 38 | - | - | - | - | 142,287 | - | 142,287 | 72,527 | 214,814 |
| Other comprehensive income for the period, net of tax | | - | - | - | - | - | 2,045,241 | 2,045,241 | 183,692 | 2,228,933 |
| **Comprehensive period income** | | **$ -** | **-** | **-** | **-** | **142,287** | **2,045,241** | **2,187,528** | **256,219** | **2,443,747** |
| Ordinary dividend declared in cash | 29 | - | - | - | - | (329,139) | - | (329,139) | (75,339) | (404,478) |
| Preferred dividend declared in cash | 29 | - | - | - | - | (56,400) | - | (56,400) | - | (56,400) |
| Reserves constitution | | - | - | - | - | - | - | - | - | - |
| Deferred tax rate changes for 2022 | | - | - | 43,164 | 20,195 | (63,359) | - | - | - | - |
| Purchase commitments to non-controlling interests | | - | - | - | - | (33,700) | - | (33,700) | (42) | (33,742) |
| Other variations by equity method subsidiaries | 26.2 | - | - | - | - | - | - | - | (85,018) | (85,018) |
| Balance as of December 31, 2022 | | - | - | - | - | 64 | (1) | 63 | 177 | 240 |
| **Saldo al 31 de diciembre de 2022** | | **$ 2,242,552** | **(113,797)** | **170,029** | **281,511** | **1,789,968** | **6,648,207** | **11,018,470** | **1,050,684** | **12,069,154** |

Notes are an integral part of these consolidated financial statements.

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(See attached certification)

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(See attached certification)

**Gonzalo Alonso Ochoa Ruiz**
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See my report of February 21, 2023)

Cementos Argos S. A. and Subsidiaries

# CONSOLIDATED CASH FLOW STATEMENT

Years ended December 31, 2022, and 2021 | Million Colombian Pesos

| | Notes | 2022 | 2021 |
|---|---|---|---|
| **CASH FLOW FROM OPERATION ACTIVITIES** | | | |
| **Year net income** | 38 | $ 214,814 | $ 523,936 |
| **Adjustments to reconcile profit:** | | | |
| Depreciation & Amortization | 38.2 | 961,740 | 921,141 |
| Income tax | 9 | 365,594 | 293,698 |
| Financial expenses, net | | 606,097 | 401,486 |
| Provisions and defined post-employment allowance plans | | 172,227 | 159,183 |
| Financial assets and inventory net impairment | | 23,509 | 39,702 |
| Gain by the difference in foreign exchange | | (3,421) | (10,387) |
| Gain from fair value measurement of investment properties and biological assets | 11, 16 | (13,801) | (41,988) |
| Interest of net (gain) loss from associates and joint ventures | 12 | (7,461) | 8,157 |
| Gain on non-current assets and business disposal | | (109,217) | (189,611) |
| Other adjustments to reconcile profit | | (34,703) | 48,738 |
| **Total adjustments to reconcile profit** | | **1,960,564** | **1,630,119** |
| **Changes in working capital of:** | | | |
| Increase in inventories | | (338,800) | (166,667) |
| Increase in trade accounts receivable | | (39,729) | (100,068) |
| Increase (Decrease) in creditors and other accounts payable | | 165,287 | (25,558) |
| (Increase) in other assets and decrease in other liabilities, net | | (286,604) | (263,173) |
| Taxes paid | | (250,969) | (241,685) |
| **Net cash flow from operating activities** | | **$ 1,424,563** | **$ 1,356,904** |
| **CASH FLOW FROM INVESTMENT ACTIVITIES** | | | |
| Purchase of property, plant, and equipment, and investment properties | | (716,897) | (450,981) |
| Amounts from selling financial investments | | 320,116 | 482,757 |
| Purchases of financial assets | | (785,322) | (441,313) |
| Amounts from selling property, plant and equipment and investment property | | 33,540 | 32,482 |
| Received dividends | | 21,036 | 16,910 |
| Interest received | | 17,765 | 10,568 |
| Amounts arising from loss of business control | 15 | 383,942 | 652,900 |
| Purchase of intangible assets | 14 | (5,685) | (1,485) |
| Selling intangible assets | 14 | 1,648 | - |
| Interests purchase in associates and joint ventures | | (6,942) | (5,199) |
| Amounts from selling interests in investee | **12** | - | 4,984 |
| Biological assets selling | | 1,753 | 120 |
| Sales of non-current assets held for sale | | - | 28,212 |
| **Net cash flows (used) from in investing activities** | | **$ (735,046)** | **$ 329,955** |
| **CASH FLOW FROM FINANCING ACTIVITIES** | | | |
| Payment of loans and debt instruments | | (3,445,553) | (3,997,587) |
| Amounts from loans | | 4,056,338 | 3,372,246 |
| Paid interest | | (485,960) | (316,618) |
| Paid dividend on ordinary shares | 29 | (324,392) | (351,428) |
| Amounts from bonds issuance | 25 | 302,771 | - |
| Lease liabilities payments | | (143,692) | (181,476) |
| Payments from financial derivatives contracts | | (62,357) | (57,723) |
| Receivables from financial derivative contracts | | 76,775 | 35,479 |
| Paid dividend on preferred shares | 29 | (44,120) | (58,489) |
| Outstanding bond payments | 25 | (381,149) | (283,918) |
| Other inflows (outflows) of cash | | (25,026) | (20,868) |
| **Net cash flow used in financing activities** | | **$ (476,365)** | **$ (1,860,382)** |
| **Increase (decrease) in cash and cash equivalent from operations** | | **213,152** | **(173,523)** |
| Variation effect in exchange rate on cash | | **93,705** | **44,738** |
| **Net increase (decrease) in cash and cash equivalents** | | **306,857** | **(128,785)** |
| **Cash and cash equivalents at the beginning of period** | | **$ 483,229** | **$ 612,014** |
| **Cash and cash equivalents at the end of period** | | **$ 790,086** | **$ 483,229** |

Notes are an integral part of these consolidated financial statements.

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# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As of December 31, 2022 and 2021
(Million Colombian Pesos and Thousand American Dollars, unless otherwise specified)

## NOTE 1: GENERAL INFORMATION

Cementos Argos S.A. (the Company) is a commercial corporation, constituted in accordance with Colombian laws on August 14, 1944, headquartered in the city of Barranquilla, Atlántico department, Republic of Colombia. The company's business purpose is the cement industry exploitation, the production of concrete mixes and any other materials or items made from cement, lime, or clay, the acquisition and exploitation of minerals or exploitable minerals deposits in the cement industry, and similar, the rights to explore and mine the aforementioned minerals, whether by concession, privilege, lease or another title. Its main address is in the city of Barranquilla and the term of the company expires on August 14, 2060, with an extended duration. The headquarters address is Carrera 53 N° 106–280 Centro Empresarial Buenavista Piso 17, Barranquilla. There are no branches established in Colombia or abroad.

Cementos Argos S. A. is part of Grupo Empresarial Argos, whose parent company is called Grupo Argos S.A. Note 13 details the companies that make up the group, its corporate purpose and the corresponding direct and indirect participation.

The Board authorized on February 21, 2023, the consolidated financial statements issuance of the Group for the year ended on December 31, 2022.

## NOTE 2: BASIS FOR PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

### 2.1. Compliance status

Cementos Argos S.A. consolidated financial statements have been prepared in accordance with the Accounting and Financial Information Standards accepted in Colombia for entities in Group 1 (NCIF, by its Spanish acronym, Group 1), which are based on the Unique Regulatory Decree 2420 from 2015, amended by Regulatory Decrees 2496 from 2015, 2131 from 2016, 2170 from 2017, 2483 from 2018, 2270 from 2019, 1432 from 2020, 938 from 2021 and 1611 from 2022. The NCIF Group 1 are based on the complete International Financial Reporting Standards (IFRS), issued and officially translated into Spanish by the International Accounting Standards Board (IASB).

Additionally, the Group, in compliance with laws, decrees, and other regulations in force, applies the following accounting criteria, specifically issued for Colombia by regulatory entities:

- External Circular No. 36/2014 from the Financial Superintendency of Colombia – The accounting treatment of the positive net differences generated in NCIF first-time application may not be distributed to stem losses, carry out capitalization processes, distribute profits and/or dividends, or be recognized as reserves. Negative net differences will not be considered for technical equity, minimum capital to operate, or other legal controls, for financial information preparers and security issuers subject to control.
- Decree 2496 of December 23, 2015 – which determines that parameters for accounting post-employment benefits must correspond to Decree 2783/2001 as the best market approximation. For 2016, Decree 2131 from December 22, 2016, eliminated the obligation to apply these assumptions for the measurement of post-employment benefits, allowing the application of the IAS 19 – Employee Benefits requirements, and these requirements being applicable only for financial information disclosure purposes. Decree 1625/2016 determines that the pension liabilities calculation must be disclosed in accordance with the parameters established in said standard and in the case of partial pension commutation, in accordance with Decree 1833/2016, as well as the differences arising from the calculation carried out in accordance with IAS 19 – Employee Benefits.
- Decree 2617 of December 29, 2022 – Alternative recognition and presentation of the effects on deferred tax applicable in Colombia: The value of the deferred tax derived from the change in income tax rate and the change in the income tax

rate for occasional gains, for the taxable period 2022, may be recognized within the entity's equity in the accumulated results of previous years. The Colombian companies that are part of Cementos Argos S.A. Group have opted for this alternative and have recognized as of December 31, 2022 the effect associated with the rate change in the retained earnings equity item, corresponding to occasional income tax for ($33,731).

For legal purposes in Colombia, the separate financial statements are the main financial statements.

## 2.2. Basis for preparation and accounting policies

### 2.2.1. BASIS FOR PREPARATION

The consolidated financial statements include Cementos Argos S. A. and its subsidiaries (the Group) financial statements as of December 31, 2022. These have been prepared on a historical cost basis, except for the measurement of certain financial assets and liabilities, derivative financial instruments, investment properties, and biological assets that have been measured at fair value. The Group does not measure non-financial assets or liabilities at fair value on a recurring basis, except investment property and biological assets. Financial statements are presented in Colombian pesos, which is the functional currency of the Group’s parent company, and all values in Colombian pesos are rounded up to the closest million. Also, values in dollars are rounded up to the closest thousand, unless otherwise indicated.

The consolidated financial statements have been prepared on the accounting basis of accumulation or accrual, except cash flow information. Usually, the historical cost is based on the fair value of the consideration granted in exchange for goods and services.

Fair value is the price that would be received when selling an asset or would be paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation method. When estimating the fair value of an asset or a liability, the Group considers the asset or liability characteristics if the market participants consider these characteristics to value the asset or liability at the measurement date. The fair value, for measurement and/or disclosure purposes of these financial statements, is determined on that basis, except for payment transactions based on actions within the IFRS 2 scope, leasing transactions within the IAS 16 scope, and measurements that have some similarities in fair value but are not fair value, such as the realizable value in IAS 2 or value in use in IAS 36.

Additionally, for financial information purposes, fair value measurements are categorized as Level 1, 2, or 3 based on the degree to which the entries to fair value measurements are observable and the importance of the entries to fair value measurements as a whole, which are described as follows:

- Level 1 entries are quoted prices (not adjusted) in active markets for identical assets and liabilities, to which the entity has access on the measurement date;
- Level 2 entries are entries different from the quoted prices included in Level 1 that are observable for an asset or liability, either directly or indirectly; and
- Level 3 entries are unobservable entries for an asset or liability.

### 2.2.2. CONSOLIDATION PRINCIPLES AND ACCOUNTING POLICIES

#### CONSOLIDATION PRINCIPLES

Investments over which the Group has control are consolidated using the global integration method, in which all the subsidiaries' assets, liabilities, equity, income, costs, and expenses, prior elimination in the parent or controlling company of the investment carried out by it in the subsidiary equity, are added to the financial statements, as well as the reciprocal operations and balances existing at the consolidated financial statements preparation date.

The Group controls an investee when it has power over it, is exposed, or has the right, to variable returns from its involvement in the investee, and can influence those returns through its power over it. The Group reassesses whether or not it controls an investee if the facts and circumstances indicate that there are changes to one or more of the three elements of control mentioned above. In the control evaluation, the Group considers the existing substantive voting rights, the contractual agreements signed between the entity and other parties, and the rights and capacity to appoint and remove key management members, among other aspects.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are enough to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances when evaluating whether or not the voting rights of the Group in an investee are sufficient to give it power, including:

- The percentage size of voting rights of the Group regarding the size and dispersion of the percentages of other voting holders;
- Potential voting rights held by the Group other shareholders or other parties;
- Rights derived from contractual agreements, and
- Any additional fact or circumstance that indicates that the Group has, or does not have, the current ability to direct relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Financial statements of subsidiaries are included in the consolidated financial statements from the date on which the Group obtains control over the subsidiary, which may be different from the acquisition date, until the date on which the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or sold during the year are included in the consolidated statement of profit and loss and other comprehensive income, from the date the Group gains control until the date the Group ceases to control the subsidiary.

Changes in a parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Group's interests and non-controlling interests are adjusted to reflect changes in their relative interest in the subsidiary. Any difference between the amount by which the non-controlling interests were adjusted and the fair value of the consideration paid or received is directly recognized in equity and attributed to the owners of the parent company.

When the Group loses control of a subsidiary, the gain or loss is recognized in the results and is calculated as the difference between (i) the fair value aggregate of the consideration received and the fair value of the retained interest and (ii) the carrying amount prior the subsidiary and any non-controlling interests assets (including goodwill), and liabilities. Amounts previously recognized in other comprehensive income regarding that subsidiary are recorded as if the Group had directly sold the relevant assets (i.e., reclassified to profit or loss or transferred to another equity category as specified/allowed by applicable IFRSs). The fair value of the investment retained in the former subsidiary, on the date on which control was lost, should be considered as the fair value for the initial recognition of a financial asset under IFRS 9 or, when applicable, the cost of the initial recognition of an investment in an associate or joint venture.

Non-controlling interests in the consolidated subsidiaries' net assets are presented separately from the Group's equity. Profit or loss for the period and other comprehensive income are also attributed to the non-controlling and controlling interests. The total comprehensive income of the subsidiaries is attributed to the owners of the Group and to the non-controlling interests, even if the results in the non-controlling interests have a negative balance.

The financial information of consolidated subsidiaries is prepared on the basis of International Financial Reporting Standards (IFRS); however, some of the subsidiaries abroad prepare their financial statements for statutory purposes, applying the generally accepted accounting principles in the United States (USGAAP), so adjustments are included to align these principles with the NCIF applicable to Colombia.

Management must make estimates and assumptions that affect the reported figures of assets and liabilities, income, costs and expenses disclosures of assets and liabilities as of the date of the consolidated financial statements, Note 4 details the critical accounting judgments and key estimates sources carried out by Management.

## SIGNIFICANT ACCOUNTING POLICIES

Below are the significant accounting policies applied by the Group in the preparation of its consolidated financial statements:

### 1. Business and goodwill combinations

Business combinations are accounted for by the acquisition method. Identifiable assets acquired, liabilities, and contingent liabilities assumed by the acquiree are recognized at fair value at the acquisition date, acquisition costs are recognized in profit or loss, and goodwill as an asset in the consolidated statement of financial position.

The consideration transferred is measured as the sum of the fair value at the acquisition date, of the assets delivered, liabilities assumed, and equity instruments issued by the Group, including the fair value of any contingent consideration, to obtain control of the acquiree.

Identifiable assets acquired and liabilities assumed are recognized at their fair value at the acquisition date, except for:

- Deferred tax assets or liabilities and liabilities or assets related to employee benefit agreements are recognized and measured in accordance with IAS 12 Income tax and IAS 19 Employee Benefits, respectively;
- Liabilities or equity instruments related to the acquiree's share-based payment agreements, or the Group share-based payment agreements carried out as a replacement for the acquiree's share-based payment agreements are measured in accordance with IFRS 2 at the acquisition date; and
- Assets (or group of assets for disposal) that are classified as held for sale in accordance with IFRS 5 Non-current assets held for sale and discontinued operations are measured in accordance with that standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the value of any non-controlling interest, and when it is applicable, the fair value of any interest previously held in the acquiree, over the net value of the acquired assets, liabilities, and contingent liabilities assumed at the acquisition date.

When the consideration transferred is less than the fair value of the acquiree's net assets, the corresponding gain is recognized in profit or loss for the period, at the acquisition date.

Non-controlling interests that represent ownership interests and guarantee to their holders a proportionate share of the net assets of the institution, in the event of liquidation, could be initially measured at fair value or the proportional share of the non-controlling interests of the recognized amounts of the identifiable net assets of the acquiree. The measurement base selection is carried out on a transaction-by-transaction basis. Other types of non-controlling interest are measured at fair value or, where applicable, on the basis specified in another IFRS.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration agreement, the contingent consideration is measured at fair value at the acquisition date and is included as part of the consideration transferred in a business combination. Changes in the fair value of contingent consideration that qualify as measurement period adjustments are adjusted retroactively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments arising from additional information obtained during the "measurement period" (which may not exceed one year from the acquisition date) on facts and circumstances that existed at the acquisition date. The subsequent recording of changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not subsequently remedied and its subsequent cancellation is recorded within the equity.

Contingent consideration that is classified as an asset or liability is referred to its reporting date under IFRS 9 Financial Instruments, or IAS 37 Provisions, Liabilities and Contingent Assets where appropriate, being the corresponding gain or loss recognized as profit or loss. In cases of business combinations carried out in stages, the Group's equity interest in the acquiree is remeasured at its fair value at the acquisition date (that is, the date on which the Group obtained control) and the resulting gain or loss, if any, is recognized in profit or loss.

Amounts resulting from the interest in the acquiree prior to the acquisition date that had previously been recognized in other comprehensive income are reclassified to profit or loss, provided that such treatment is appropriate, in the event that such interest is sold.

If the initial accounting for a business combination is not completed at the end of the period in which the combination occurs, the Group reports the provisional amounts of the items for which the accounting is incomplete. During the measurement period, the acquirer recognizes adjustments to the provisional amounts or recognizes additional necessary assets or liabilities to reflect new information obtained on facts and circumstances that existed at the acquisition date and, if known, would have affected the measurement of the amounts recognized at that date.

Goodwill is not amortized; it is measured at cost minus any accumulated impairment loss. If the cash-generating unit recoverable amount is less than the unit carrying amount, the impairment loss is allocated first to reduce the goodwill carrying amount allocated to the unit and then to the other unit assets, proportionally, based on the carrying amount of each unit asset. Cash-generating units to which the goodwill is allocated are subject to impairment assessments annually, or more frequently if there is an indication that the unit may have suffered impairment. Impairment losses are recognized in the statement of comprehensive income in the profit and loss section of the period. The impairment loss on goodwill cannot be reversed in the following period. In the event of withdrawal of a cash-generating unit, the goodwill attributable amount is included in the profit or loss calculation on withdrawal.

**2. Cash and cash equivalent**

Cash and cash equivalents in the financial position statement and in the cash flow statement include money in cash and in banks, highly liquid investments that are easily convertible into a certain amount of cash and subject to an insignificant risk of changes in value, with a three-month maturity or less from the acquisition date.

**3. Financial instruments**

Financial assets and liabilities are initially recognized at fair value plus (minus) directly attributable to transaction costs, except for those that are measured later at fair value with changes in the statement of income. The Group subsequently measures financial assets and liabilities at an amortized cost or fair value, depending on the Group's business model for managing financial assets and the contractual cash flows characteristics of the instrument.

**Financial Assets**

Financial assets other than those at amortized cost are subsequently measured at fair value with recognized changes in the statement of income. However, for investments in equity instruments that are not held for negotiation purposes, the Group may choose, during the initial recognition and irrevocably, to present the profits or losses from fair value measurements in other comprehensive income. When disposing of investments at fair value in other comprehensive income, the accumulated value of profits or losses is directly transferred to retained earnings and are not reclassified as income for the period. Cash dividends received from these investments are recognized in the statement of income. The Group has chosen to measure some of its investments in equity instruments at fair value in other comprehensive income. A financial asset is subsequently measured at amortized cost, using the effective interest rate, if the asset is held within a business model whose objective is to hold them in order to obtain contractual cash flows, and its contractual terms grant, on specific dates, cash flows which are only capital and interest payments on the outstanding capital value.

A financial asset or part of one is written off from the financial position statement when it is sold, transferred, it matures or control is lost over the instrument contractual rights or cash flows, or when the financial asset is transferred and transfer meets with derecognition requirements. A financial liability or part of one is written off from the separate statement of financial position when the contractual obligation has been settled or has matured. When derecognizing a financial asset or part of one, the difference between its book value and the sum of the consideration received is recognized in profit or loss (including any new asset obtained minus any liability assumed).

When an existing financial liability is replaced by another from the same counterparty on substantially different terms, or if the terms of an existing liability are substantially modified, such an exchange or modification is treated as an original liability write-off and the new liability recognition, and the difference in the respective book values are recognized in the statement of income.

**Financial Assets Impairment**

The impairment model, in accordance with IFRS 9, reflects expected credit losses. The Group records expected credit losses from debt securities, trade accounts receivable, and leases at the end of the reporting period. In the calculation of expected credit losses under IFRS 9, the Group applies a simplified approach, which allows not to track changes in the credit risk, but to recognize a provision for losses based on expected credit losses during the asset's lifetime on each reporting date; that is, to recognize the expected credit losses resulting from possible breach events during the expected financial instrument lifetime. In cases where there is objective evidence that a financial asset is impaired, the Group recognizes an individual impairment loss provision, excluding the collective impairment evaluation under the expected loss model.

To determine the expected credit losses, the Group has used a provision matrix based on the number of days that a trade account receivable is in default, i.e., by grouping the portfolio by ranges of overdue days and applying to the accounts receivable balance an expected default percentage on the measurement day for each range of overdue days. The default percentage according to overdue days in the portfolio is determined using the transition matrix methodology, according to Markov chain theory. Each subsidiary portfolio is segmented into two homogeneous groups, industrial and massive business.

Loss from impairment is recognized in the overhead expense and costs of sale in the Group's consolidated statement of income. When there is confirmation that the trade account receivable will be uncollectible, the gross book value of the account receivable is then written of in accounts against the associated provision.

**Expenses associated with an initial public offering of shares (IPO)**
The expenses directly related to the IPO preparation are analyzed to determine which are expenses in the income statements and which should be a lower value of the issued equity (capital and/or premium) . As of December 31, 2022, those disbursements that will be offset in equity were recognized in other non-financial assets, and once the capital issuance is made, the asset will be derecognized in order to offset it with equity. In the event that the IPO is not completed, or its completion is not probable, said capitalized expenses will become an expense for the period.

**Financial Liabilities**
The financial liabilities initial recognition is carried out at fair value and subsequently valued at the amortized cost using the effective interest method. Losses and profits are recognized in the statement of income when liabilities are written off, as well as accrued interest using the effective interest method. The amortized cost is calculated considering any discount or premium on acquisition and installments or costs that are an integral part of the effective interest method.

The effective interest method is the method used to calculate the amortized cost of a financial asset or a financial liability and for the distribution and recognition of interest income or interest expense in the income for the period throughout the corresponding period. The amortized cost of a financial asset or financial liability is that at which it was measured at initial recognition, minus capital repayments, plus or minus, the accumulated amortization, using the effective interest method, of any difference between the initial amount and the maturity amount and, for financial assets, adjusted for any value correction for losses.

Liabilities with non-controlling interests have been recognized in accordance with IAS 32 "Financial Instruments: Presentation" in the "Other financial liabilities" account to the extent that there are selling options for non-controlling owners and purchase obligations by the Group, even if the possibility of exercising said option is remote. Selling options are accounted for as transactions between owners; for this reason, in subsequent measurements the liability is remeasured at fair value and its change is reflected in equity.

**Financial Derivatives**
Financial derivatives are recorded in the consolidated statement of financial position at their fair values, considering the market curves in force at the valuation date. The accounting for changes in the fair value of derivatives depends on the derivative use and its designation as an accounting hedging instrument. Certain derivatives embedded in other financial instruments (implicit derivatives) are treated as separate derivatives when their risk and characteristics are not closely related to the main contract, and it is not recorded at fair value with its unrealized profits and losses included in the statement of income.

To mitigate risks in foreign currency transactions and exposure to interest rates, the Group undertakes natural hedging and financial hedging operations by using derivative financial instruments, mainly derivative swap contracts and forward contracts. All derivatives in force have been designated as accounting hedging instruments for cash flow or fair value in accordance with the criteria of IAS 39 Financial Instruments. The Group does not use derivative instruments or any other financial instruments for speculative purposes.

Certain derivative transactions that do not qualify to be accounted for as derivatives for hedging are treated and reported as derivatives for negotiation, even though they provide effective hedging for the management of risk positions. The Group formally appoints and documents the relationship for derivatives that qualify to be accounted for as hedge accounting, at the beginning of the hedging relationship, as well as the goals for the risk management and the hedging strategy.

Financial swap operations (“Swap”) correspond to financial transactions in which the Group, through a contractual agreement with a bank, exchanges cash flows to reduce currency, rate, term, or issuer risks, as well as assets or liabilities restructuring.

Forward transactions and currency swap transactions are used to hedge the exchange rate risk in foreign currency debt operations, to hedge future cash flows with a high probability of occurrence, such as the Group’s monthly exports, and to balance the Group’s currency exposure by taking advantage of what, in the Management’s opinion, are considered favorable market conditions. The existence of this agreement has no impact on the underlying debt valuation.

The Group also uses interest rate swaps to manage its exposure to interest rates. In the case of interest rate swaps, there is no exchange of capital, the Group is responsible for its debts with defined amounts and terms, its accounting record is independent of the swap. These swaps are intended to convert financial instruments, either from a fixed rate to a variable rate or from a variable rate to a fixed rate, there may be instruments that in the long term are negotiated with a variable rate at a variable rate and when market conditions are optimal, they are converted from variable rate to fixed rate.

Management documents the hedging relationship from the time of initial recognition. This documentation includes, but is not limited to, the following:

- The designation, including identification of the hedging instrument, hedged item or transaction, or hedging relationship, hedging objective, and risk management strategy;
- Designation and hedging relationship, hedging objective and risk management strategy;
- Designation date of the accounting hedge; and
- Procedure to assess the effectiveness of the hedging and method to evaluate the effectiveness of the prospective and retroactive hedging and its periodicity.

Such hedges are expected to be highly effective in offsetting the changes in fair value or cash flows and are being constantly evaluated to determine that this has been so throughout the reporting periods for which they were designated. For hedge accounting purposes and for those applicable to the Group, hedges are classified and accounted for as follows, once the strict criteria for accounting are met:

- Fair value hedges, when they hedge exposure to changes in the fair value of recognized assets or liabilities or unrecognized firm commitments. In fair value hedging relationships, changes in the fair value of the hedged item and the hedging instrument are recognized and offset in the consolidated statement of income for the period, presented as financial cost or income. The change in fair value of the hedged item attributable to the hedged risk is recorded as part of the book value of the hedged item and is also recognized in the statement of comprehensive income under the income statement section as a financial income or cost.
- Cash *flow* hedges, when hedging exposure to variations in the cash flows attributed either to a particular risk associated with a recognized asset or liability or to a highly probable foreseen transaction, or to the exchange rate risk related to an unrecognized firm commitment. In cash flow hedging relationships, changes in the fair value of the hedging instrument are recognized directly in the other consolidated comprehensive income by the effective hedging portion, the ineffective portion is recognized in the consolidated financial income or expenses. The profits or losses recognized in equity are reclassified later to the consolidated statement of income when the hedged item affects the Group's consolidated income.

In highly probable transactions hedging relationships, changes in the fair value of the hedging instrument are directly recognized in the other consolidated comprehensive income by the effective hedging portion. Thus, the ineffective portion is recognized in the consolidated financial income or expenses. Profits or losses recognized in equity are reclassified at the end of the hedging relationship to the same account of the hedged item.

The effective portion of the profit or loss from measuring the hedging instrument is immediately recognized in the other comprehensive statement, whereas the ineffective portion is immediately recognized in the statement of comprehensive income under the income statement section as a financial cost.

Values recognized in the other comprehensive income are reclassified to the statement of comprehensive income under the income statement section when the hedged transaction affects the income, as well as when the hedged financial income or financial expense is recognized, or when the foreseen transaction takes place. When the hedged item constitutes the cost of a non-financial asset or liability, the values recognized in the other comprehensive income are reclassified to the initial book value of the non-financial asset or liability. If the foreseen transaction or firm commitment is no longer expected to take place, the cumulative gain or loss previously recognized in the other comprehensive income is reclassified to the statement of comprehensive income, under the income statement section.

If the hedging instrument matures or is sold, resolved, or exercised without a replacement or successive renewal of a hedging instrument for another hedging instrument, or if its designation as a hedge is revoked, any cumulative profit or loss previously recognized in other comprehensive income remains in the other comprehensive income until the foreseen operation or firm commitment affects the result.

Derivatives that are not designated as hedges for accounting purposes under IFRS 9 are measured at fair value.

**4. Provision for decommissioning, restoration and rehabilitation**

The Group recognizes as part of the cost of a property, plant, and equipment item the current value of the estimated future costs expected to be incurred for dismantling or restoration, when there is a legal or implicit obligation to dismantle an asset or restore the site where it was built.

The decommissioning or restoration provision is recognized at the current value of estimated future disbursements to pay the obligation. Cash flows adjusted to reflect liability risks are discounted at a risk-free rate before taxes.

The estimated future cash flows for decommissioning or restoration are reviewed periodically. Changes in estimates, in the expected disbursements dates, or in the discount rate used to discount flows are recognized as an increase or decrease of the decommissioning cost included in the property, plant, and equipment item. The change in the provision value associated with the passage of time is recognized as a financial expense in the statement of comprehensive income.

**5. Exploration and evaluation disbursements**

The Group recognizes as a period expense for mineral resources evaluation and exploration, those disbursements incurred before demonstrating the technical feasibility and commercial viability of an exploitation project, even if they are directly related to or associated with the activity of mineral resources exploration and evaluation. If disbursements meet the conditions for recognition, then they are recorded as intangible assets. These expenses will be recognized at the disbursed value at the time they are incurred.

**6. Fair value measurements**

Fair value is the price that would be received when selling an asset or would be paid to transfer a liability in an orderly transaction between market participants on the measurement date. The fair value of all financial assets and liabilities is determined as of the financial statements' presentation date, for recognition or disclosure in the notes to the separate financial statements. Judgments include data such as liquidity risk, credit risk, and volatility. Changes to the hypotheses about these factors might affect the reported fair value for financial instruments.

**7. Foreign currency**

Transactions in foreign currencies corresponding to those transactions in currencies other than the functional currency of the entity are recorded initially at the exchange rate of the functional currency in force on the transaction date. Later, the monetary assets and liabilities in foreign currencies are converted at the exchange rate of the functional currency in force on the closing date of the period. Non-monetary items measured at their fair value are converted using the exchange rates of the date when their fair value is determined, and non-monetary items measured at historical cost are converted using the exchange rates determined to be applicable on the date of the original transaction and have not been re-converted.

All exchange rate differences of monetary items are recognized in the income statement, except for monetary items that provide an effective hedge for a net investment in a foreign business, as well as those that come from investments in shares classified at fair value through equity. For the presentation of the Group's consolidated financial statements, the assets and liabilities of foreign operations have been converted into Colombian pesos at the exchange rate in force on the reporting period closing date. Revenues, costs and expenses, and cash flows are converted at the average exchange rates of the period unless these fluctuate significantly during the period, in which case the exchange rates of the date of the transactions are used. Any exchange rate differences that arise, as the case may be, are recognized in other comprehensive income and are accumulated in equity (attributed to non-controlling interests when appropriate).

When disposing of a foreign operation, including the disposal of the Group's total interest in a foreign operation and disposal involving the partial sale of a stake in a joint venture or associate that includes a foreign operation in which the retained interest becomes a financial asset, all exchange differences accumulated in equity relating to that attributable operation and the owners of the Group are reclassified from equity to income for the consolidated period.

Additionally, regarding the partial subsidiary disposal (which includes a foreign operation), the entity will attribute again the proportional share of the accumulated amount of the exchange differences to the non-controlling interests, and these are unrecognized in profit or loss. For any other partial disposals (i.e., the partial disposal of associations or joint agreements that do not involve the loss of significant influence and joint control by the Group), the entity will reclassify to profits or losses only the proportional share of the cumulative amount of exchange differences.

Adjustments corresponding to goodwill and the fair value of identifiable acquired assets and liabilities generated in the acquisition of a foreign operation are treated as foreign operation assets and liabilities and are converted at the exchange rate in force at the end of each reporting period. Any exchange differences that may arise will be recognized in other comprehensive income.

**8. Impairment value of non-financial assets**

At the end of each period, the Group evaluates the existence of any indications that an asset's value may be impaired. If there are indications of impairment or at least annually for goodwill, from intangible assets with an indefinite useful life and intangible assets that are not yet in use, the recoverable asset value or the cash-generating unit(s) is estimated, the latter level when it is not possible to estimate the recoverable amount of the individual asset. When a reasonable and consistent basis of distribution is identified, common assets are also allocated to the cash-generating units or distributed to the smallest group of cash-generating units for which a reasonable and consistent distribution basis might be identified.

The recoverable value of an asset is the highest value between the fair value minus the costs of sales, whether it is an asset or a cash-generating unit, and its value in use. When estimating the value in use, estimated future cash flows are discounted from the current value using a discount rate before taxes that reflect current market valuations of the temporary money value and the specific risks for the asset, for which the estimated future cash flows have not been adjusted. When the book value of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired, and the value is reduced to its recoverable amount.

When an impairment loss is reversed later, the book value of the asset (or cash-generating unit) is increased to the revised estimated value of its recoverable amount, so that the increased book value does not exceed the book value that would have been measured if the asset's (or cash-generating unit's) impairment loss had not been recognized in previous years. The reversal of an impairment loss is recognized in income. Goodwill impairment losses cannot be reversed.

**9. Taxes**

The expense for income tax represents the sum of the payable current income tax and the deferred tax.

**Current income tax**

Current assets and liabilities for the income tax of the period are measured by the values expected to be recovered or paid to the tax authority. The expense for income tax is recognized in the current tax according to the refinement carried out between the income tax and the accounting profit or loss affected by the income tax rate for the current year and pursuant to the tax standards provisions of each country. The tax rates and regulations used to compute these values are those that have been approved or substantially approved by the end of the reporting period, in the countries in which the Group operates and generates taxable profits.

**Deferred tax**

Deferred income tax is recognized using the liability method calculated on the temporary differences between the assets and liabilities tax bases and their book values. The deferred tax liability is recognized for temporary taxable differences and the deferred asset tax is recognized for temporary deductible differences and future offset of tax credits and unused tax losses, to the extent that the availability of future taxable income against which they may be allocated is likely. These assets and liabilities are unrecognized if the temporary differences arise from the initial recognition (other than the business combination) of other assets and liabilities in an operation that does not affect the tax profit or the accounting profit. Furthermore, deferred tax liabilities are unrecognized if the temporary difference arises from the initial goodwill recognition.

Liabilities deferred due to temporary taxable differences associated with investments in subsidiaries and associates and interests in joint ventures, except those where the Group can control the reversal of the temporary difference, and when there is the possibility that this might not be reversed in the near future, must be recognized. Deferred tax assets that arise from deductible temporary differences associated with such investments and interests are only recognized to the extent that the entity will likely have future taxable profit, against which the temporary differences might be charged and when there is the possibility that these might be reversed shortly.

The book value of a deferred tax asset should be subject to revision at the end of each reporting period and should be reduced to the extent it is likely that it will not have sufficient taxable profits in the future, in order to allow the asset to be recovered, either in total or in part. Deferred tax assets and liabilities should be calculated using the tax rates that are expected to be applicable during the period in which the asset is realized or the liability is settled based on the rates (and tax laws) that have been approved or practically approved by the end of the reporting period, after the approval process has been completed. The measurement of deferred tax liabilities and deferred tax assets will reflect the tax consequences that would occur from the manner in which the entity expects to recover or settle the book value of its assets and liabilities at the end of the reporting period. Deferred taxes are not discounted.

Deferred tax is recognized in the period income, except those related to items recognized outside the income; in this case, they will be presented in other comprehensive income or directly in equity. In the case of a business combination when current or deferred tax arises from the initial accounting for the business combination, the tax effect is considered within the accounting for the business combination.

See note 2.1. on treatment adopted in accordance with Decree 2617 from December 29, 2022.

**10. Intangible assets**

Intangible assets acquired separately are initially calculated at cost. The cost of intangible assets acquired in business combinations are recognized separately from goodwill by its fair value at the acquisition date (which is regarded as its cost). After the initial recognition, intangible assets are carried at cost minus any accumulated amortization and any accumulated impairment losses. Internally generated costs for intangible assets, except for development costs that meet recognition criteria, are not capitalized and when disbursed, these are recognized in the comprehensive statement of income at the time when they are incurred.

Disbursements arising from research activities are recognized as an expense in the period in which they are incurred. An internally generated intangible asset as a result of development activities (or of the development phase of an internal project) is recognized if, and only if, the following conditions are met:

- Technically, it is possible to complete the production of the intangible asset so that it may be available for use or sale;
- Its ability to complete the intangible asset in question, either to use it or to sell it
- Its ability to use or sell the intangible asset;
- How the intangible asset will generate probable economic benefits in the future;
- The availability of adequate technical, financial, or other kinds of resources, to complete its development and to use or sell the intangible asset; and
- Its ability to reliably measure the expenditure attributable to the intangible asset during its development.

The amount initially recognized for an internally generated intangible asset will be the sum of the disbursements incurred from the time when the item meets the conditions for recognition, which were set forth above. After the initial recognition, an internally generated intangible asset will be accounted for at cost minus the accumulated amortization and accumulated amount of impairment losses, on the same basis as intangible assets that are acquired separately.

The amortization period and the amortization method for intangible assets with a finite useful life are reviewed at least at the end of each period. Changes in the estimated useful life of the asset are prospectively recognized. The expense for the amortization of intangible assets with finite useful lives is recognized in the comprehensive statement of income. Intangible assets with indefinite useful lives are not amortized, but rather tested for impairment.

An intangible asset is written off at the time of disposal, or when no future economic benefits from its use or disposal are expected. Profits or losses arising from the write-off of an intangible asset, calculated as the difference between the net income from the asset sale and its book value is recognized in the consolidated profits or losses at the time the asset is written off.

**11. Investments in associates and joint ventures**

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in financial policy and operational decisions of the investee, but without having absolute or joint control of it. A joint venture is a joint agreement, whereby the parties that have joint control have rights to the net assets of the agreement. Joint control is shared control contractually agreed upon, which only exists when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The results, assets, and liabilities of the associate or joint venture are incorporated into the consolidated financial statements using the equity method unless the investment or a portion thereof is classified as held for sale, in which case it is accounted under IFRS 5. Under this method, the investment is initially recorded at cost and adjusted with the changes in the Group's interest and are subsequently adjusted to account for the Group's interest in profits or losses and other comprehensive statements of income for the associate or joint venture, minus any losses due to impairment of the investment.

When the Group's interest in the losses of an associate or joint venture exceeds the Group's interest in the associate or joint venture (including any long-term interest that is basically a part of the Group's net investment in the associate or joint venture), the Group ceases to recognize its interest in future losses. Additional losses are recognized as long as the Group has acquired a legal or implicit obligation or has made payments on behalf of the associate or joint venture.

When the equity method applies, the necessary adjustments are carried out to standardize the accounting policies of the associate or joint venture with those of the Group. The share belonging to the Group is included in the obtained profits or losses and unrealized losses from transactions between the Group and the associate or joint venture. The equity method is applied from the date where the investee becomes an associate or joint venture. This is because, for example, it can occur in stages, and it is not the acquisition date; until significant influence or joint control over the entity is lost. In the investment acquisition in the associate or joint venture, any excess of the investment cost on the net fair value distribution of identifiable assets and liabilities of the investee is recognized as goodwill, which is included in the amount book value for the investment.

Any excess in the Group's distribution of the net fair value of identifiable assets and liabilities over the investment cost, after having been revaluated, is immediately recorded in profit or losses for the period where the investment was acquired. IFRS 9 requirements are applied to determine whether it is necessary to account for an impairment loss regarding the Group's investment in an associate or joint venture. The entire investment carrying amount (including goodwill) is tested for impairment under IAS 36 Impairment of Assets, as an individual asset by comparing its recoverable amount (highest between the use-value and the fair value minus the disposal costs) to its book value. Any recognized impairment loss is part of the investment carrying amount. Any reversal of that impairment loss is recognized under IAS 36 until the recoverable investment amount increases later.

The Group stops using the equity method on the date where the investment ceases to be an associate or a joint venture, or when the investment is classified as held for sale. When the Group has a stake in a former associate or joint venture and the holding is a financial asset, the Group measures the holding at fair value on that date, and the fair value considered as its fair value during the initial recognition, according to IFRS 9. The difference between the carrying book amount of the associate or joint venture on the date the use of the equity method was discontinued and the fair value of any retained interest and any result from the sale of a part of the interest in the associate or joint venture, is included in determining the gain or loss on the sale of the associate or joint venture.

Additionally, the Group records all previously recognized amounts in other comprehensive income regarding that associate or joint venture on the same basis that would have been required if the associate or joint venture had directly sold the financial assets or liabilities. Therefore, if a profit or loss previously accounted in other comprehensive income by the associate or joint venture had been reclassified to profits or losses upon selling the related assets or liabilities, the Group would reclassify the profit or loss from equity to profits or losses (as a reclassification adjustment) at the time when they stop using the equity method.

The Group continues using the equity method when an investment in an associate becomes an investment in a joint venture, or an investment in a joint venture becomes an investment in an associate. There is no recalculation at fair value at the time of such changes in ownership interests. When the Group reduces its equity share in an associate or a joint venture but continues to use the equity method, the Group reclassifies to profits or losses the share of the profit or loss that had been previously recognized in other comprehensive income regarding that reduction in the shareholding, if such a profit or loss were reclassified to profit or losses upon the sale of the corresponding assets or liabilities.

If a Group entity enters into a transaction with a Group's associate or joint venture, the profits and losses resulting from such transactions are accounted for in the separate financial statements of the Group, solely for the share portion in the associate or joint venture that is not related with the Group. Goodwill arising from the acquisition of an associate, or a joint venture is included in the investment carrying amount and is not individually amortized or subjected to impairment tests.

**12. Investment properties**

Investment properties are properties (land or buildings considered, either in whole or in part, or both) that are held (by the Group or by a lessee under a financial lease) to earn income, capital gains, or both, instead of a) using it for goods or services production or supply, or for administrative purposes, or b) selling it in the ordinary course of operations, including investment properties under construction for such purposes; these are measured initially at their acquisition price, plus all costs associated with the transaction and non-recoverable indirect taxes, after deducting financial or commercial discounts, as well as the directly attributable costs to placing the investment property under the necessary conditions for it to operate in the manner intended by the Management. After the initial recognition, investment properties are measured at fair value, regarding the price that would be received on the measurement date, when disposing of the asset in a market transaction. In the determination of the reasonable value, the Group hires independent experts with recognized professional capability and experience in property appraisal. Changes in the fair value of investment property are recognized in the period income as they arise. Investment property may be transferred from and to property, plant, and equipment.

An investment property is written off when it is disposed of or when the investment property is permanently withdrawn from use and no future economic benefits are expected to be received from its sale. Any profit or loss arising from writing off the property (measured as the difference between the net income from the sale and the asset book value) is included in the consolidated income for the consolidated period where the property was written off.

**13. Non-current assets held for sale**

Non-current assets and groups of assets for disposal are classified as held for sale if their book value and may be recovered through a sales transaction, rather than through their continued use. These assets or groups of assets are presented separately as assets and liabilities in the statement of financial position, at either their book value or fair value minus sales costs and are not depreciated or amortized from their classification date.

This condition is considered to be met only when the sale is highly likely and the asset (or group of assets for disposal) is available for immediate sale in its present condition, subject only to the usual terms adapted for the sale of these assets (or group of assets for disposal). Management must be committed to the sale, which should be recognized as a completed sale within one year after the classification date.

When the Group is committed to a sales plan involving loss of control of a subsidiary, all assets and liabilities of that subsidiary are classified as held for sale when they meet the criteria described above, regardless of whether the Group is going to keep a non-controlling interest in its former subsidiary after its sale.

When the Group is committed to a sales plan involving the sale of an investment, or a portion of an investment in an associate or joint venture, the investment or portion of the investment that will be sold is classified as held for sale when the criteria described above are met, and the Group discontinues the use of the equity method regarding the portion that is classified as held for sale. Any portion retained of an investment in an associate or a joint venture that has not been classified as held for sale, will continue to be accounted under the equity method. The Group discontinues the use of the equity method at the time of sale when the sale results in the Group losing significant influence over the associate or joint venture.

After the sale is carried out, the Group recognizes any interest retained in the associate or joint venture under IFRS 9, unless the interest retained is still an associate or a joint venture, in which case the Group uses the equity method (see the accounting policy regarding the influence over an associate or joint venture). In cases where the Group undertakes to distribute an asset (or group of assets for disposal) to the owners, said non-current asset (or group of assets for disposal) is classified as held for distribution to owners. For this to be the case, the assets must be available for immediate distribution in their current conditions, and the distribution must be highly likely, i.e., activities must be underway to complete the distribution and should be expected to be completed within a year from the classification date. The Group has classified its subsidiaries in liquidation processes as groups of assets to distribute to the owners.

Revenues, costs, and expenses from a discontinued operation are presented separately from those from continuing operations–in a single item after income taxes–in the consolidated statement of income for the current period and the comparative period of the previous year, even though the Group retains a non-controlling interest in the subsidiary after the sale.

The Group impairs a net investment in an associate or joint venture if, and only if, objective evidence indicates that one or more events, which occurred after initial recognition, have had an impact on the future cash flows of the net investment and that impact can be reliably estimated. The following events make it possible to establish whether there is objective evidence that these investments might show impairment:

- Significant financial difficulties of the associate or joint venture.
- Contract violations, such as defaults or delays in payment by the associate or joint venture.

- The granting of concessions to associates and joint ventures that would not have been granted in other circumstances.
- It becomes probable that the associate or joint venture will go into bankruptcy or some other form of financial reorganization.
- The disappearance of an active market for net investment due to financial difficulties of the associate or joint venture.
- Significant changes with adverse effects that have taken place in the environment, technological, market, economic or legal aspects, in which the associate or joint venture operates; or
- A significant and prolonged decrease in the fair value of an investment in an associate or joint venture that is an equity instrument below its cost.

**14. Property, plant and equipment**

Property, plant, and equipment includes the amount of land, buildings, furniture, vehicles, equipment, computing equipment, and other facilities owned by the consolidated entities, and which are used for the entity's operations. The Group recognizes an item of property, plant, and equipment when it is likely that the asset will generate future economic benefits, it is expected to be used for a period longer than one year, or all the risks and benefits inherent to the asset have been received and its value may be reliably measured. Spare parts and permanent maintenance equipment are recognized as an item of property, plant, and equipment as they meet the recognition criteria.

The fixed assets are measured at cost minus accumulated depreciation and accumulated impairment losses if any. Trade discounts, rebates, and other similar items are deducted from the acquisition cost of the fixed asset. Properties under construction for administrative, production, or service supply purposes are recorded at cost minus any recognized impairment loss. The cost includes professional fees, decommissioning and removal direct costs, and in the case of qualifying assets, capitalized loans costs following the Group accounting policy. These properties are classified in the appropriate property, plant, and equipment categories at the time of their completion and when they are ready for their intended use. Depreciation of these assets, as in the case of other property assets, begins when assets are ready for use. Depreciation begins when the asset is available for use and is calculated on a straight-line basis over the estimated technical useful life of the asset as follows:

| | |
|---|---|
| Buildings and constructions | 40 to 70 years |
| Aqueduct, networks and communications routes | 20 to 40 years |
| Machinery and production equipment | 10 to 30 years |
| Office, computer, and communication equipment | 3 to 10 years |
| Overland transport equipment | 3 to 10 years |
| River transport fleet | 3 to 45 years |
| Mines, quarries, and mineral deposits | 2 to 38 years |

Property land is not depreciated.

An item of property, plant, and equipment will be written off at the time of disposal or when economic future benefits are no longer expected from their continued use. The profit or loss arising from writing off an asset of property, plant, and equipment is measured as the difference between sales revenue and the asset book value, and it is recognized in profit or losses. The assets' residual values, useful lives, and depreciation methods are reviewed and adjusted prospectively at each year-end if required.

**15. LEASES**

The Group recognizes leases, subleases, and contracts with similar characteristics and circumstances considering the lessor or lessee capacity, the underlying asset, and the contract term.

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 transfers the right to control the use of an identified asset for some time in exchange for consideration. To assess whether a contract transfers the right to control the use of the identified assets, the Group uses the lease definition in IFRS 16.

**The Group as a Lessee**

As a lessee, at the beginning or in the modification of a contract that contains a lease component, the Group assigns consideration in the contract to each lease component based on their relative independent prices.

The Group initially recognizes on the lease start date a right-of-use asset that represents the right to use the underlying asset of the contract, as well as a lease liability, that represents its obligation to make the payments agreed upon in the contract. Right-of-use assets are measured at cost, minus any accumulated depreciation and impairment losses, and are adjusted with new lease liabilities measurements. The cost of right-of-use assets includes the value of recognized lease liabilities, initial direct costs incurred, and lease payments made before the contract start date minus any lease incentives received. Unless the Group has reasonable assurance of obtaining ownership of the leased asset at the end of the lease term, the assets recognized by the right-of-use are amortized in a straight line over the lease term. Right-of-use assets are subject to impairment.

On the lease start date, the Group recognizes the lease liabilities at the current value of the lease payments to be made during the lease term. Lease payments include fixed payments (including essentially fixed payments) minus lease incentives receivable, variable lease payments depending on an index or rate, and amounts expected to be paid based on residual value guarantees. Lease payments include the year's price of a purchase option when the Group has reasonable assurance that it will be exercised and the penalties for canceling the lease if the lease term reflects that the Group will exercise an option to terminate the lease. Variable lease payments that do not depend on an index or a rate are recognized as an expense in the period where the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate on the lease start date if the interest rate implicit in the lease may not be readily determined. After the start date, the lease liabilities value is increased to reflect interest accrual and is reduced by the lease payments made. In addition, the lease liabilities book value is remeasured if there is a modification, a change in the lease term, a change in essentially fixed lease payments, or a change in the valuation to acquire the underlying asset.

The Group recognizes the depreciation of the right-of-use assets and distributes the lease payments between the financial expense and the lease obligations reductions. Financial expense is charged directly to income unless it is directly attributable to eligible assets, in which case these are capitalized following the general borrowing costs policy. The Group recognizes leases payments for contracts with a lease term of 12 months or less and no purchase option, or contracts whose underlying asset is of low value (i.e. assets whose new value is equal to or less than 3,500 dollars for assets intended for operation, and 5,000 dollars for administrative use assets), as a lease expense minus lease incentives related, in a straight-line basis during the term corresponding to the lease, unless another systematic distribution basis is more representative to more adequately reflect the temporal pattern of the lease benefits to the lessee.

The Group presents the right-of-use assets in the lease and the lease liabilities separately in the consolidated statement of financial position. Right-of-use assets that meet the definition of investment property are presented within the investment property item.

The Group presents interest expense on the lease liability separately from the asset depreciation charge for the lease right-of-use. Interest expense on the lease liability is a financial costs component, which is presented separately in the consolidated statement of comprehensive income.

The Group classifies in the consolidated cash flow statement, cash payments for capital and interest from lease payments as financing activities, as well as payments for short-term leases and payments for leases of low-value assets as operating activities.

**Short-term leases and low-value asset leases**

The Group has decided not to recognize the lease right-of-use assets and the lease liabilities for leases with a lease term of 12 months or less and no purchase option (short-term leases), and leases whose underlying asset is of low value (i.e., assets whose new value is equal to or less than 3,500 dollars for assets intended for operation and 5,000 dollars for administrative use assets), including IT equipment. The Group recognizes the lease payment associated with these leases as a linear lease expense over the lease term.

**The Group as a Lessor**

At the beginning or when modifying a contract that contains a lease component, the Group assigns the consideration in the contract to each lease component based on their relative independent prices.

As a lessor, the Group classifies the leases as financial or operating at the beginning of the lease, evaluating the extent to which the risks and benefits derived from the asset ownership affect it. The Group classifies a lease as financial when all the risks and benefits inherent to the property are substantially transferred and operating when all the risks and benefits inherent to the property are not substantially transferred.

The Group recognizes amounts owed by lessees under finance leases as accounts receivable at the amount of the Group's net investment in the leases. Finance lease income is distributed over the accounting periods to reflect a regular rate of return that is constant on the Group's net pending investment regarding the leases.

Revenue stemming from operating leases is recorded using the straight-line method over the same period as the lease term. Initial direct costs incurred upon negotiating and agreeing on an operating lease are added to the leased asset's book value and recorded on a straight-line basis over the lease term.

**16. Borrowing costs**
The Group capitalizes borrowing costs that are directly attributable to the acquisition, construction, or production of a qualifying asset if these costs could have been avoided and if no disbursements had been carried out for the asset. Borrowing costs are capitalized as part of the cost of the asset when they are likely to generate future economic benefits and maybe reliably measured. The capitalization of borrowing costs starts as part of the cost of a qualified asset on the date on which the following conditions are met: a. Disbursements are incurred regarding the asset, b. Borrowing costs are incurred, and c. Necessary activities to prepare the asset for its intended use or sale are carried out.

The Group suspends borrowing costs capitalization during the periods where the activities development of a qualifying asset are interrupted. However, borrowing costs capitalization is not interrupted by leases during a period if important technical or administrative actions are being carried out. Borrowing costs capitalization will not be suspended either when a temporary delay is necessary as part of the preparation process of a qualified asset for its intended use or sale.

Borrowing costs capitalization ends when all necessary activities to prepare a qualified asset for its intended use or sale have been substantially completed. If the asset has components and these components may be used separately while the construction continues, the borrowing costs capitalization on these components should be stopped.

**17. Biological assets**
The Group recognizes a biological asset or agricultural product when it controls the biological asset or agricultural product as a result of past events, it is likely it will generate future economic benefits and the cost of the biological asset or agricultural product may be reliably measured.

The Group measures biological assets both at the beginning and at the end of the period, at fair value minus selling costs. The biological asset's fair value is established by its quoted market price in an active market. In the event there are different active markets for the same biological asset, the asset fair value will be determined by the price quoted in the most relevant asset market.

If there is no asset market, the Group uses the following information to determine the fair value, provided it is available, and select the most reliable: a) the price of the most recent market transaction, assuming there have been no significant changes in economic circumstances between the transaction date and the end of the reporting period, b) the market price of similar assets, adjusted to reflect existing differences, c) sector benchmarks, such as plantations value expressed as a function of surfaces or capacity, weight or volume units.

Profits or losses arising from the initial recognition of a biological asset or agricultural product at fair value minus selling costs and from changes in this value are included in the income statement of the consolidated period when they occur.

**18. Provisions**
Provisions are recognized when the Group has a current, legal or implicit obligation as a result of a past event, the Group will likely have to dispose of resources to settle the obligation, and the obligation value may be reliably estimated. In cases where the Group expects the provision to be partially or fully reimbursed, the reimbursement is recognized as a separate asset, only when such reimbursement is virtually certain, and the amount of the account receivable may be reliably measured.

Provisions are measured with the Management's best estimate of the future disbursements required to settle the current obligation and it is discounted using a risk-free rate. The expense related to the provisions is presented in the income statement, net from any reimbursement. The provision increase due to the passage of time is recognized as a financial expense in the income statement. The Group recognizes the present obligations, derived from an onerous contract, as provisions. An onerous contract is one in which the unavoidable costs of meeting the obligations it implies exceed the economic benefits expected to be received from it.

**Contingent Liabilities**
Possible obligations arising from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly under the control, are unrecognized in the consolidated statement of financial position but are disclosed as contingent liabilities.

Contingent liabilities acquired in a business combination are initially measured at their fair values on the acquisition date. At the end of the subsequent reporting periods, such contingent liabilities are measured either between the amount at which it would have been recognized under IAS 37 and the amount at which it was initially recognized minus the accumulated amortization recognized under IAS 15 Revenue from ordinary activities.

**19. Post-employment benefit plans**
The Group recognizes liabilities related to pensions, pension securities and bonds, retirement premiums, and other post-employment benefits under the IAS 19 Employee Benefits requirements.

On December 22, 2016, the Ministry of Commerce, Industry and Tourism issued Decree 2131, whereby it is required to disclose the pension liabilities calculation, following the parameters established in Decree 1625/2016 and, in the case of partial pension commutation, under Decree 1833/2016, as well as the differences arising from the calculation carried out under IAS 19 – Employee Benefits. This information is included in Note 22 employee benefits.

The Group recognizes the benefit plans classified as contribution plans in the consolidated income statement as overhead or sales expense, or cost of merchandise sold according to a submission by function on the date where it occurs. The Group recognizes benefit plans classified as benefit plans defined as an asset or liability in the statement of financial position by the difference between the fair value of the plan assets and the current value of the obligation of said plan, using the Projected Unit Credit Method to determine the current value of the obligation related to the defined benefits and the cost of the current service and, where applicable, the cost of past services, at least once a year. Plan assets are measured at fair value, which is based on the market price information, and, in the case of quoted securities, it constitutes the published purchase price.

The Projected Unit Credit treats each period of service as a generator of an additional entitlement unit to benefits and measures each unit separately to build up the final obligation. The Group deducts the total value of post-employment benefits obligation, even if part of it is to be paid within the twelve months following the reporting period. The estimate of the liability for post-employment benefits is carried out by an independent actuary.

Actuarial profits or losses, the yield on plan assets, and changes in the effect of the asset ceiling, excluding amounts included in the net interest on the liability (asset) of the defined net benefits, are recognized in the other comprehensive income. Actuarial profits or losses include the effects of changes in actuarial assumptions, as well as experience adjustments. The net interest on the liability (asset) of defined net benefits includes income from interest on plan assets, interest costs for the defined benefit obligation, and interest on the effect of the asset ceiling.

The current service cost, the past service cost, any liquidation or reduction of the plan are recognized immediately in the comprehensive statement of income, in the statement section for the period where they arise.

**20. Inventory**
Assets acquired with the intention of selling them in the ordinary course of business or to be consumed in the rendering services process are classified as inventories. The inventory of raw materials, products in process, merchandise not manufactured for sale, and finished products are measured at the acquisition cost. The Group recognizes a decrease in the value of inventories of finished goods, materials, spare parts, and accessories if the cost exceeds the net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, minus the estimated costs of finalization and the estimated costs necessary to make the sale. Inventories include goods in existence that do not require transformation, materials such as minor parts and accessories for rendering services, as well as goods in transit and held by third parties.

Inventories are valued using the weighted average method and its cost includes costs directly related to the acquisition and those incurred to give them their current condition and location.

**21. Income**
IFRS 15 requires the recognition of ordinary income when the promised goods or services are transferred to customers, for the amounts that reflect the consideration that the entity expects to receive in exchange for said goods or services, through the application of a five-step approach: Step 1: Identify the contract(s) with the customer; Step 2: Identify performance obligations within the contract; Step 3: Determine the transaction price; Step 4: Assign the transaction price to each performance obligation based on the individual relative sale price of each good or service, and Step 5: Recognize ordinary income when (or to the extent that) the entity meets performance obligations by transferring control of promised goods and services to the customer. Performance obligations may be fulfilled at a point in time or over some time.

**Sale of Goods**
In the sale of goods, a single performance obligation is established. The Group recognizes revenue when the obligation is fulfilled, i.e., when control of the goods or services underlying the performance obligation has been transferred to the customer, at a point in time.

**Rendering Services**
The Group renders some services that are sold on their own in contracts with customers or bundled with the sale of goods to a customer. In both scenarios, revenues from service contracts are satisfied at a point in time.

IFRS 15 excludes from its scope the recognition requirements for dividend and interest revenues and operating leases, for which the Group continues to apply the same accounting treatment.

**Dividends and Interest Income**
Income from investment dividends is recognized once the shareholders' rights to receive this payment have been established (as long as it is probable that the economic benefits will flow to the company and that ordinary income can be reliably measured). Income from dividends generated from investments, where the equity participation method has previously been recognized on the distributed profits, is recognized as lower investment value.

Interest income from a financial asset is recognized when it is probable that the Group will receive the economic benefits associated with the transaction and the amount of revenue from ordinary activities can be reliably measured. Interest income is recorded on a time basis, about the outstanding principal and the applicable effective interest rate, which is the discount rate that exactly equals the estimated receivable or payable cash flows along with the life expectancy of the financial instrument with the net book value of the financial asset upon initial recognition.

**Operating Leases Revenue**
The Group policy for the revenue recognition from operating leases consists of recognizing the payments received as revenue in the statement of income on a straight-line basis throughout the useful life of the contract, unless another basis of distribution is deemed representative.

**22. Operating segments**
An operating segment is a component of the Group that develops business activities from which it can earn revenue and incur expenses, whose operating results are regularly reviewed by the highest authority in the Group's operating decision-making, to decide on the resources to be allocated to the segment, evaluate its performance and relating to which differentiated financial information is available.

Management has determined its operating segments based on financial information provided to the Group's Steering Committee, which is used by its members in making operational decisions to allocate resources and evaluate performance. The Steering Committee evaluates the performance of the operating segments based on the net sales, operating profit and EBITDA for each segment. On the other hand, the total assets and liabilities by operating segment are not evaluated internally for administrative purposes and therefore, are not disclosed by the Group.

**23. Related parties**
The Group considers as a related party Grupo Argos S.A. subsidiaries and associates and direct joint ventures, the entities that exercise joint control or significant influence over Cementos Argos S.A., and the key management personnel, which includes the members of the Board, Nomination and Remuneration Committee, Audit and Finance Committee, Sustainability and Corporate Governance Committee, Directive Committee (made up by the President and Vice President), and any other committee that directly depends on Cementos Argos S.A. and Grupo Argos S.A. Board of Directors, as well as the Managers who have the ability to direct, plan and control activities and their close relatives.

Transactions between related parties are considered as any transfer of resources, services, and obligations between the Group and a related party, as well as the outstanding balances between them at the preparation date of the consolidated financial statements, including any commitment and guarantee granted or received between both sides.

The information that is disclosed with related parties is provided according to the categories established by IAS 24 Related Party Disclosures, which correspond to transactions with (a) the parent company, (b) entities with joint control or significant influence over the entity, (c) subsidiaries, (d) associates, (e) joint ventures, (f) key management personnel and (g) other related parties. Likewise, items of similar nature are grouped for disclosure purposes. }

The transactions characteristics with related parties do not differ from those carried out with third parties, nor do they imply differences between market prices for similar operations.

**24. Materiality**
The Group considers that information is material if its omission, inappropriate expression or obscuring could reasonably be expected to influence the decisions made by the main users regarding financial statements. Cementos Argos materiality assessment is carried out along the following 4 phases:

- Phase 1: Cementos Argos identifies information about transactions and conditions that the main users might need to understand the decision-making about the flow of resources to the Company. The primary users are existing and potential investors, lenders, and other creditors. The Company intends to satisfy common information needs, which includes resources, acquired rights (assets), obligations, commitments, rights against (liabilities and equity), changes in those resources (income and expenses) and the extent to which the Management and the governing bodies of the Company have efficiently and effectively fulfilled their responsibilities for the use of the entity's resources.
- Phase 2: Cementos Argos assesses whether the information identified in phase 1 is material. The evaluation includes elements judged regarding the specific circumstances of the Company in terms of its nature, magnitude and a combination of both.
  In this phase, quantitative and qualitative factors are assessed. To determine the quantitative factor, the Company takes as a reference the income, profitability, assets level, liabilities and equity. Within the qualitative evaluation, we consider internal (unusual transactions, with related parties, among others) and external (social, political, environmental, economic conditions, among others) factors.
- Phase 3: The information identified in phase 2 is classified and organized so that it is properly disclosed.
- Phase 4: This last phase allows reassessing the financial situation, financial performance and cash flows from a global perspective, to conclude that the information identified and revealed is indeed material for the main users. This review may lead to additional information, different disaggregation, or deletion of non-material information.

**25. Going concern**
Consolidated financial statements have been prepared on the going concern basis and as of December 31, 2022. There are no material uncertainties related to events or conditions that produce significant doubts about the ability of any firm within the Group to continue operating. The Group has the required liquidity and solvency to continue operating the business for the foreseeable future.

**26. Seasonality**
The group operates in various countries, where demand and the construction sector may be affected in winter or rainy seasons.

# NOTE 3: ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

## 3.1. Not effective IFRS issued by the IASB

Listed below are the accounting pronouncements issued that are applicable to annual periods beginning after January 1, 2023 and 2024, these have not been applied in the preparation of these financial statements. The Company plans to adopt the corresponding accounting pronouncements on their respective application dates and not in advance.

### *STANDARDS AND AMENDMENTS ISSUED, APPLICABLE FROM JANUARY 1, 2023:*

- ***IFRS 9*** – Financial Instruments, IAS 39 – Financial Instruments: Recognition and Measurement, IFRS 7 – Financial Instruments: disclosure information: Reference Interest Rate Reform, amendments to IFRS 9, IAS 39 and IFRS 7)
- ***IFRS 9*** – Financial instruments, IAS 39 – Financial instruments: recognition and measurement, IFRS 7 – Financial instruments: disclosure information, IFRS 4 – Insurance contracts, IFRS 16 – Leases: Interest Rate Benchmark Reform – Phase 2
- ***IFRS 3*** – Business Combinations: Modifications by reference to the conceptual framework.
- ***IAS 16*** – Property, plant, and equipment. It is modified regarding products obtained before the intended use.
- ***IAS 37*** – Provisions, contingent liabilities and contingent assets, Onerous Contracts — Cost of Fulfilling a Contract.
- ***Annual Improvements to IFRS Standards 2018–2020.*** Amendments to IFRS 1 - First-time Adoption of International Financial Reporting Standards, IFRS 9 - Financial Instruments and IAS 41 - Agriculture. Amendment to IFRS 1. Subsidiary adopting IFRS for the first time.
- ***IAS 1 – Presentation of financial statements.*** Modifications are carried out regarding the liabilities classifications as current or non-current.
- ***Extension for the Temporary Exemption of Applying IFRS 9*** – Financial Instruments. Amendments to IFRS 4 – Insurance Agreements.

### *STANDARDS AND AMENDMENTS ISSUED, APPLICABLE FROM JANUARY 1, 2024:*

- ***IAS 8*** - Definition of Accounting Estimates
- ***IAS 1*** - Disclosure of Accounting Policies
- ***IFRS 16*** - Rental concessions related to Covid-19 beyond June 30, 2021
- ***IAS 12*** - Deferred Taxes related to Assets and Liabilities arising from a Single Transaction

These accounting pronouncements issued (not yet in effect) are not expected to have a significant impact on the Company's consolidated financial statements.

# NOTE 4: CRITICAL ACCOUNTING JUDGMENTS AND KEY ESTIMATES SOURCES

## 4.1. Judgments, other than those involving estimates, that the group has made in the process of applying the accounting policies and that have a significant effect on the amounts recognized in the financial statements

### 4.1.1. SUBSIDIARIES CONSOLIDATION AND PARTICIPATION IN OTHER ENTITIES

The Group consolidated financial statements include the accounts of the subsidiaries, associates and joint ventures on which Cementos Argos S.A. has control, joint control or significant influence. In the control assessment, the Group evaluates the existence of power over the entity, the exposure, or right, to variable returns from its involvement with the entity; and the ability to use its power over the entity to influence the amount of the Group's returns. Management applies its judgment to assess the time in which control exists and which type of control exists, if any, over an entity. Judgment is applied in determining the relevant activities of each entity and the ability to make decisions about these activities. For this aim, the Group evaluates the purpose and design of the entity, identifies the activities that most impact its performance and evaluates how decisions are made on the relevant activities. In evaluating decision-making, the Group considers existing voting rights, potential voting rights, contractual agreements entered into between the entity and other parties, and the rights and ability to appoint and remove key management members, in other aspects. Judgment is also applied in the identification of variable returns and the Group's exposure to them. Variable returns include, but are not limited to, dividends and other distributions of economic benefits from the entity, compensation for managing the entity's assets or liabilities, fees, and exposure to loss for providing credit or liquidity support.

## 4.2. Assumptions made about the future and other causes of estimation uncertainty, which have a significant risk of resulting in significant adjustments in the assets or liabilities book value within the following accounting period

#### 4.2.1. GOODWILL IMPAIRMENT ASSESSMENT

The Group carries out goodwill impairment tests at least annually, or when market or business conditions present significant changes that give impairment cues. The assessment of goodwill impairment requires an estimate of the value in use of the cash-generating unit or group of cash-generating units (operating segment) to which cash has been assigned. The estimation of the value in use requires the estimation of the future cash flows of the cash-generating unit or groups of cash-generating units (operating segment) as well, and the estimation of financial assumptions such as the inflation rate, the discount rate and the growth rate in perpetuity. In the process of measuring expected future cash flows, Management carries out estimates of future operating results. Changes in valuation assumptions may cause adjustments to the Group's goodwill for the next reporting period, in the event of impairment.

#### 4.2.2. CURRENT AND DEFERRED INCOME TAX

The Group recognizes significant amounts of current and deferred income tax in its consolidated financial statements given the volume of its operations and the multiple countries in which it operates. The determination of current and deferred tax is based on the best interpretation of the Administration of current and applicable laws, as well as the best practices of the jurisdictions in which it operates. The reasonableness of this estimate depends significantly on the ability of the Administration to integrate complex tax and accounting standards, to consider the changes in the applicable laws, and the evaluation, for purposes of recognizing the deferred tax asset from the existence of enough taxable profits for its realization.

An uncertain tax treatment is a tax treatment for which there is uncertainty, as to whether the taxing authority will accept the tax treatment under the tax law. The Group recognizes uncertain tax positions in accordance with IFRIC 23 requirements. The probability analysis to recognize uncertain tax positions is based on expert opinions and on the interpretation of current tax regulations in the applicable jurisdiction.

***Recognition of deferred tax assets from losses or unused tax credits***

Management applies its judgment to determine the value and recognize a deferred tax asset from losses or unused tax credits, evaluating whether it is probable the existence of enough tax profits from subsequent periods for compensation and/or recovery, together with the strategies for future tax planning.

### 4.3. Other judgments and estimates made

In preparing the financial statements, the Group makes judgments and estimates in the application of accounting policies. Said judgments and estimates do not have a significant risk of causing significant adjustments in the assets or liabilities book value. Some of these judgments and estimates are detailed below:

- Determination of cash generating units
- Determination of average exchange rates for financial statements conversion
- Determination of whether an instrument meets the hedge accounting requirements under IAS 39
- Assessment of non-financial assets impairment
- Determination of the lease term for contracts with renewal options and leases whose term is automatically extended to the end of the original term
- Derivatives and financial assets fair value
- Investment properties fair value
- Determination of expected credit losses from commercial debtors
- Provisions for dismantling, removal or rehabilitation
- Provisions for contingencies, litigation and demands
- Estimation of the useful life and residual values of property, plant and equipment and intangible asset
- Liabilities of pension plans and other defined post-employment benefits

# NOTE 5: CASH AND CASH EQUIVALENTS

For purposes of the consolidated cash flow statement, cash and cash equivalents include cash and banks. Cash and cash equivalents at the end of the reported period in the consolidated cash flow statement and in the consolidated financial statement are:

| | 2022 | 2021 |
|---|---|---|
| Cash and banks | 790,086 | 483,229 |
| Value of restricted or unavailable cash and cash equivalents for use | 1,063 | 526 |

As of December 30, 2022 and December 31, 2021, Zona Franca Argos S. A. S., a Group subsidiary, maintains restricted use resources due to the constitution of a trust on May 29, 2019, by an amount of $487. The purpose of this operation is to manage the resources destined to contract the expansion works controller for the Argos Free Zone private port in the city of Cartagena, in compliance with the obligations of the concession contract subscribed with the National Infrastructure Agency (ANI) and the entity.

Additionally, the Group reports cash and cash equivalents balances restricted by agreements entered into with Universidad de Antioquia in the amount of $576, which is a research and development project that will increase capacities in the micro-algae pilot plant in Cartagena. The concepts considered in the project to execute the resources co-financed by Minciencias are the following: equipment, academic events, technological services, materials and supplies, publications and dissemination of results, and specialized consulting.

During the current year and comparative periods, the Group carried out the following investment and financing activities not reflected in the consolidated statement of cash flow:

- In 2022, a financial liability for $85,018 (Note 26.2) was established, which did not generate cash inflows.
- On March 24, 2021, at the ordinary meeting, the profit distribution project was approved, which contemplates that the dividends would be paid at the shareholder choice and could be paid as follows: 50% of the dividend payment in cash and 50% of the dividend payment in paid-up company shares; or 100% of the dividend payment in paid-up company shares. For the dividend payment in shares, the Board of Directors released 18,806,432 common shares and as a consequence, the Company subscribed and paid-in capital went from $592,569, corresponding to 1,424,445,735 shares, to $600,393, corresponding to 1,443,252,167 shares. With the approval of 587 shareholders, representing 58.24% of the company's outstanding shares, the payment in shares of $100,238 was carried out.
- On September 1, 2021, the Group repurchased Argos Panama shares from the minority shareholder Provicem for $98,683. This repurchase was canceled against the account receivable that the minority had at that cut-off date with the Group. The transaction did not generate cash flow and was therefore excluded from the cash flow statement for the stated amount of operating and financing activities.

# NOTE 6: DERIVATIVE FINANCIAL INSTRUMENTS

| | 2022 | 2021 |
|---|---|---|
| Current | 66,715 | 16,263 |
| Non-current | 87,544 | 15,974 |
| **Derivative financial assets designated as cash flow hedging instruments** | **154,259** | **32,237** |
| Current | 21,908 | 1,360 |
| Non-current | 649 | 47,451 |
| **Derivative financial liabilities designated as cash flow hedging instruments** | **22,557** | **48,811** |
| **Financial derivative assets (liabilities), net** | **131,702** | **(16,574)** |

The financial derivatives in force as of December 31, 2022 and 2021 are:

### SWAP Operations

| Swap type | Underlying | Underlying rate [1] | SWAP | Expiration | Underlying value 2022 | Underlying value 2021 | Fair value 2022 | Fair value 2021 |
|---|---|---|---|---|---|---|---|---|
| **Deferred tax 2021** | | | | | | | | |
| Interest rate | Short-term credit | 15.01% | IBR+4.69% | 28-aug-23 | COP 30,000 | - | (365) | - |
| Interest rate | Bonds | IPC + 2.24% | TF+9.63% | 28-apr-24 | COP 150,000 | - | (357) | - |
| Interest rate | Bonds | IPC + 7.19% | TF + 7.94% | 25-aug-24 | COP 150,000 | - | 3,902 | - |
| Interest rate | Bonds | IPC + 4.5% | TF + 9.69% | 16-aug-24 | COP 150,000 | - | (292) | - |
| Interest rate | Bonds | IPC + 3.64% | TF +8.71% (first two years) and IBR - 2% (years 3-5) | 24-aug-24 | COP 50,000 | - | 309 | - |
| Interest rate | Bonds | IPC + 3.99% | TF +7.78% (first two years) and IBR - 1.78% (years 3-5) | 24-aug-27 | COP 150,000 | - | 14 | - |
| Currency | Short-term credit | SOFR 6m + 1.95% | TF 13.46% | 14-apr-23 | USD 10,000 | - | (378) | - |
| Interest rate | Short-term credit | IBR + 8.40% | 11.79% | 25-nov-23 | COP 50,000 | - | 1,686 | - |
| Interest rate | Short-term credit | IBR + 4.74% | 11.39% | 7-jun-23 | COP 30,000 | - | 345 | - |
| Interest rate | Short-term credit | IBR + 4.52% | 11.46% | 22-aug-23 | COP 50,000 | - | 107 | - |
| Interest rate | Short-term credit | IBR + 2.05% | 11.73% | 18-feb-24 | COP 53,175 | - | 2,467 | - |
| Currency | Short-term credit | SOFR 3m + 2.9% | 16.22% | 10-nov-23 | USD 40,000 | - | (8,046) | - |
| Interest rate | Long-term credit | IBR + 7.85% | 11.31% | 14-jun-24 | COP 50,000 | - | 3,386 | - |
| Interest rate | Short-term credit | IBR + 7.85% | 11.60% | 14-dec-23 | COP 100,000 | - | 3,836 | - |
| Interest rate | Long-term credit | Libor 6m + 2.25% | 3.79% | 21-aug-26 | USD 60,000 | USD 60,000 | 28,451 | (2,297) |
| Currency | Long-term credit | Libor 3m + 1.32% | 5.39% | 18-feb-26 | USD 15,000 | USD 15,000 | 28,472 | 10,341 |
| Currency | Long-term credit | Libor 3m + 1.32% | IBR + 2.05% | 18-feb-26 | USD 15,000 | USD 15,000 | 20,543 | 5,633 |
| Interest rate | Long-term credit | 5.28% | IBR + 1.85% | 20-nov-23 | COP 160,000 | COP 160,000 | (12,674) | (1,879) |
| Interest rate | SMBC Club Deal [2] | Libor 3m + 1.10% | 4.17% | 24-oct-23 | - | USD 300,000 | - | (43,275) |
| Interest rate | Long-term credit | 3.83% | IBR + 0.79% | 7-sep-22 | - | COP 60,000 | - | (312) |
| **SWAP Operations Fair Value** | | | | | | | **71,406** | **(31,789)** |

### Forward Operations

| Forward type | Underlying | Underlying value [1] | Forward rate | Expiration | 2022 | 2021 |
|---|---|---|---|---|---|---|
| **Deferred tax 2021** | | | | | | |
| Purchase | Financial Liabilities | USD 26,798 | 4.044 | 30-may-23 | 23,019 | - |
| Purchase | Financial liabilities - Interco | USD 15,796 | 4.097 | 8-jun-23 | 12,864 | - |
| Purchase | Financial liabilities - Interco | USD 8,434 | 4.159 | 14-jun-23 | 6,410 | - |
| Purchase | Financial Liabilities | USD 15,632 | 4.666 | 29-jun-23 | 4,589 | - |
| Purchase | Financial Liabilities | USD 11,300 | 4.456 | 12-jan-23 | 4,078 | - |
| Purchase | Financial Liabilities | USD 27,000 | 4.742 | 29-aug-23 | 7,439 | - |
| Purchase | Financial Liabilities | USD 8,377 | 4.733 | 24-aug-23 | 2,342 | - |
| Purchase | Financial Liabilities | USD 5,177 | 4.918 | 14-apr-23 | (73) | - |
| Purchase | Financial Liabilities | USD 10,304 | 4.979 | 26-may-23 | (372) | - |
| Purchase | Financial liabilities - Interco | USD 15,059 | 3.682 | 9-jun-22 | - | 5,443 |
| Purchase | Financial liabilities - Interco | USD 8,000 | 3.786 | 16-jun-22 | - | 2,093 |
| Purchase | Financial Liabilities | USD 27,000 | 3.987 | 25-aug-22 | - | 2,483 |
| Purchase | Financial Liabilities | USD 30,000 | 3.820 | 26-apr-22 | - | 5,184 |
| Purchase | Financial Liabilities | | 3.819 | 26-apr-22 | - | 1,060 |
| Purchase | Financial Liabilities | USD 30,038 | 4.047 | 16-mar-22 | - | (1,048) |
| **Forward operations fair value** | | | | | **60,296** | **15,215** |
| **SWAP and Forward operations fair value** | | | | | **131,702** | **(16,574)** |

[1] The underlying value is rounded to the nearest thousand units.

[2] Corresponds to liabilities replacement (see Note 19 Financial obligations)

# NOTE 7: OTHER FINANCIAL ASSETS

| | 2022 | 2021 |
|---|---|---|
| Financial assets at fair value through changes in profit or loss | 3,015 | 3,315 |
| Financial assets at fair value through other comprehensive income (Note 26) | 1,216,230 | 873,239 |
| Financial assets measured at amortized cost | 470,642 | - |
| **Total - Other financial assets** | **1,689,887** | **876,554** |
| Current | 470,805 | 160 |
| Non-current | 1,219,082 | 876,394 |

The category of other financial assets at fair value with changes in other comprehensive income includes investments held by the Group in Grupo de Inversiones Suramericana S. A., the investment is measured at fair value with changes in other comprehensive income (see Note 26.2.1).

Financial assets measured at amortized cost correspond to TDCs established in 2022.

# NOTE 8: TRADE AND OTHER ACCOUNTS RECEIVABLE

| | 2022 | 2021 |
|---|---|---|
| Trade accounts receivable | 1,316,748 | 1,107,502 |
| Other accounts receivable | 174,066 | 160,391 |
| Deterioration for expected credit losses and provision for doubtful accounts | (89,656) | (88,858) |
| **Total other financial assets** | **1,401,158** | **1,179,035** |
| Current | 1,353,453 | 1,130,253 |
| Non-current | 47,705 | 48,782 |
| | **1,401,158** | **1,179,035** |

The movement of impairment for expected credit losses and doubtful accounts of trade accounts receivable and other accounts receivable as of December 31 is detailed below:

| | 2022 | 2021 |
|---|---|---|
| **Movement in impairment of expected credit losses and doubtful accounts receivable** | | |
| Opening balance | (88,858) | (90,382) |
| Value impairment losses recognized on accounts receivable | (14,392) | (9,345) |
| Punishment of amounts considered uncollectible(1) | 24,515 | 16,700 |
| Amounts recovered during the year | (496) | (244) |
| Reversed impairment losses | 5,041 | 6,170 |
| Foreign currency conversion result | (15,466) | (12,192) |
| Other changes | - | 435 |
| **Closing balance** | **(89,656)** | **(88,858)** |

The contractual amounts of financial assets written off during the reporting period that are still subject to enforcement activities are $29,991 (2021: $16,759). During the period, the movement of financial assets written off by this concept is $13,232 (2021 $2,385). The contractual amounts of financial assets written off during the reporting period that are still subject to enforcement activities are $13,526 (2021: $5,604).

For each day range of non-payment of the portfolio, the following table presents the percentage of expected credit loss determined using the transition matrix methodology according to the Markov chains theory, the value of trade accounts recei- vable and other accounts receivable subject to credit risk before recognizing any loss due to value impairment, the values of expected losses determined individually and collectively and the value of accounts receivable after considering the expected impairment, at the end of the reporting period.

| 2022 | Expected Credit Loss Rate | Gross Accounts Receivable | Impairment of Expected Credit Loss | Net accounts receivable |
|---|---|---|---|---|
| **Impairment for expected credit losses explanation** | | | | |
| Not expired | 0.10% | 856,203 | (855) | 855,348 |
| Between 0 and 30 days | 0.22% | 343,258 | (765) | 342,493 |
| Between 31-60 days | 0.69% | 82,741 | (574) | 82,167 |
| Between 61-90 days | 3.72% | 26,447 | (984) | 25,463 |
| Between 91-120 days | 7.18% | 16,312 | (1,171) | 15,141 |
| Between 121-150 days | 24.61% | 5,223 | (1,285) | 3,938 |
| Between 151-180 days | 23.13% | 4,828 | (1,117) | 3,711 |
| Between 181-360 days | 16.02% | 34,771 | (5,572) | 29,199 |
| More than a year | 63.90% | 121,031 | (77,333) | 43,698 |
| **Total balances and impairment for expected credit losses** | | **1,490,814** | **(89,656)** | **1,401,158** |

| 2021 | Expected Credit Loss Rate | Gross Accounts Receivable | Impairment of Expected Credit Loss | Net accounts receivable |
|---|---|---|---|---|
| **Impairment for expected credit losses explanation** | | | | |
| Not expired | 0.12% | 709,554 | (851) | 708,703 |
| Between 0 and 30 days | 0.17% | 277,338 | (470) | 276,868 |
| Between 31-60 days | 0.88% | 78,390 | (689) | 77,701 |
| Between 61-90 days | 4.27% | 23,505 | (1,005) | 22,500 |
| Between 91-120 days | 4.86% | 17,805 | (865) | 16,940 |
| Between 121-150 days | 5.49% | 5,556 | (305) | 5,251 |
| Between 151-180 days | 6.22% | 7,638 | (475) | 7,163 |
| Between 181-360 days | 17.07% | 21,924 | (3,743) | 18,181 |
| More than a year | 63.76% | 126,183 | (80,455) | 45,728 |
| **Total balances and impairment for expected credit losses** | | **1,267,893** | **(88,858)** | **1,179,035** |

The average credit period over the sale of goods is 30 days. No interest surcharge is carried out on trade accounts receivable after the average credit period. The Group assesses at the end of the period on which it is reported and with the same periodicity of financial information. If there is objective evidence that financial assets are impaired, and if this is the case, it recognizes a loss in the income statement due to a value impairment. The Group recognizes a provision on individual clients when they are in an economic insolvency state or when a financing or restructuring agreement of the account receivable is agreed upon, and collectively grouping the portfolio by default days ranges and applying to these values the non-compliance percentages using the transition matrix methodology according to the Markov chain theory. In determining the recoverability of a trade account receivable, the Group considers any change in the credit quality of the account from the date the credit was initially granted until the end of the reporting period. The concentration of credit risk is limited because the customer database is long and independent.

# NOTE 9: INCOME TAX

The current and applicable tax provisions establish that the nominal income tax rates for 2022 and 2021 applicable to Cementos Argos S. A. and its subsidiaries located in Colombia, Antigua, Curacao, Dominica, United States, French Guiana, Guatemala, Haiti, Honduras, British Virgin Islands, Panama, Dominican Republic, Saint Maarten, Saint Thomas, Suriname, and Puerto Rico, are the following:

| Country | 2022 | 2021 | Country | 2022 | 2021 |
|---|---|---|---|---|---|
| Antigua y Barbuda | 25% | 25% | Haiti | 31% | 31% |
| Bermuda | 0% | 0% | Honduras | 30% | 30% |
| Colombia (1) | 35% | 31% | British Virgin Islands | 0% | 0% |
| Colombia Free Zone (2) | 15% | 15% | Panama | 25% | 25% |
| Curacao | 22% | 27.50% | Puerto Rico | 37.5% | 37.5% |
| Dominica | 25% | 25% | Dominican Republic | 27% | 27% |
| U.S.A. (3) | 24.50% | 24.34% | Saint Maarten | 34.5% | 34.5% |
| French Guiana | 25% | 26.5% | Saint Thomas | 35% | 35% |
| Guatemala | 25% | 25% | Suriname | 36% | 36% |

(1) Income tax in Colombia is settled at a rate of 35% for 2022 and 2023

(2) A special tax regime is presented for Free Zones, whose benefits include an income tax rate of 15%. Argos Free Zone has a Legal Stability Contract until 2028.

(3) The U.S. federal tax rate for 2022 and 2021 is 21%. Also, in the United States, there is the state rate, which varies in a range between 3% and 7%, depending on the state. In the state of Texas, there is a one-time rate of 1%, called the "Texas Margin Tax".

Below are the main legal rules and issues applicable to the Group, in the countries where the main activities are carried out:

**COLOMBIA:**

On December 13, 2022, the National Government issued Law 2277, the Equality and Social Justice Reform, through which significant changes are introduced in terms of taxes, effective as of January 1, 2023.

The most significant changes for income and complementary tax purposes were the following:

- The general income rate is maintained at 35% for national companies and their similar companies obliged to present the annual declaration of income and complementary tax in Colombia.
- The following surcharges apply to income taxpayers who receive income from:

| Activity | Requirement | Surcharge |
|---|---|---|
| Hard Coal Extraction (CIIU 0510) and lignite Coal Extraction (CIIU 0520) | Whether the taxable year average price coincides in certain percentiles with the average monthly prices from the 120 months prior to the year being declared and the taxable net income exceeds 50,000 UVT | 5%,10% |
| Crude oil extraction (ISIC 0610) | | 5%,10%,15% |
| Power generation from water sources | Net income greater than 30,000 UVT | 3% between 2023 and 2026 |

- For Free Zones users, a differential rate of 20% is established on the proportion of net taxable income that corresponds to income from goods and services export. On the proportion of taxable liquid income that corresponds to different income from goods and services export, the income rate will be 35%. The above may be applied by those who agree on an internationalization plan in 2023 or 2024, with a maximum threshold of income from TAN operations and income different from the authorized activity. An agreement must be signed annually.
- A minimum tax is established for residents in Colombia, setting an additional tax in the event that the adjusted income tax with some modifications is less than 15% of the accounting profit before taxes with certain adjustments. Therefore, taxpayers must: (i) Determine the Colombian taxpayer adjusted tax, or the adjusted tax of the group in case it becomes part of a business group. (ii) Determine the Colombian taxpayer or the group adjusted profit, in the event that it becomes part of a business group, and (iii) Determine the Colombian taxpayer or the group adjusted tax rate, in the event that it becomes part of a business group. If the effective rate (adjusted tax/adjusted profit) is less than 15%, the tax to be added must be calculated to reach the rate of fifteen percent (15%) of the taxpayer or of the group in case it becomes part of a business group.
- The occasional income tax rate is increased, remaining at 15% (until 2021, 10%).
- The amount of the sum of some non-taxable income, special deductions, exempt income and tax discounts is limited to 3% per year of ordinary liquid income.
- Royalty payments referred to in articles 360 and 361 of the National Constitution are not deductible, regardless of the payment name, the accounting treatment and the payment method (money or kind). The non-deductible amount corresponds to the total cost of production of non-renewable resources.
- The possibility of taking as a tax discount 50% of the ICA value that has been effectively paid before filing the declaration is eliminated. 100% accrued and paid prior to filing the income statement will be deductible.
- 100% of the taxes, rates and contributions effectively paid in the taxable year, which are causally related to income generation (except income tax), continue to be deductible; 50% of the tax on financial movements (GMF) will be deductible, regardless of whether or not it has a causal relationship with the income-generating activity.
- Payments for affiliations to social clubs, labor expenses of support staff at home or other activities unrelated to the income-producing activity, personal expenses of partners, participants, shareholders, clients, and/or their relatives, will not be deductible, and will be considered income in kind for their beneficiaries.
- Tax on taxed dividends will be determined: (i) applying the income rate corresponding to the year in which they are decreed (35%) and (ii) the rate corresponding to the non-taxed dividend will be applied to the remainder, depending on the beneficiary. (If it is a resident natural person or illiquid succession of deceased resident, the table from article 241 of the Tax Code will apply).
- Dividends declared charged to profits from 2016 and prior years will retain the current treatment at that time; those corresponding to profits for 2017, 2018 and 2019 that are decreed as of 2020 will be governed by the rates provided in Law 2010.

**UNITED STATES OF AMERICA**

In the United States, the Federal Tax rate is 21%. Also, there is a state tax rate, which varies by state from 3% to 7%. In the state of Texas, there is a particular rate of 1%, called the "Texas Margin Tax". Federal tax returns for 2015, 2016, 2017, 2018, 2019, 2020, and 20212020 are subject to review and audit of exemptions applied by the tax authorities. In addition, statements with net operating losses are subject to revision even if the regulations have expired.

On March 27, 2020, the United States Congress and the President of the United States signed into law the Coronavirus Aid, Relief, and Economic Security (CARES) Act in response to the COVID-19 pandemic in the U.S. Among many other provisions of the act, the CARES Act allowed a temporary repeal of the 80% net operating loss limitation (NOL) for taxable years beginning before January 1, 2021, and modified the rules related to some types of recently generated carrybacks. However, since Argos has not been or is expected to be in an NOL position during the years affected by the law, no additional tax benefit is expected from these changes to the law. It should be noted that Argos USA tax losses were generated before January 1, 2017; therefore, they are subject to the above rules, applicable to when the losses were generated, which allow a two-year carryback period and a 20-year carry-forward period to offset the taxable income. These net operating losses (NOL) may fully offset future taxable income until the pre-2017 NOLs are fully used. As of December 31, 2022, the federal net operating losses (NOL) of United States subsidiaries are estimated at USD $ 154 million.

On July 28, 2020, the Treasury Department published final regulations TD9905 reversing the proposed Section 163 (j) regulation, allowing the Company to add depreciation and amortization when calculating adjusted taxable income (ATI), even if its depreciation and amortization are capitalized in inventory under IRC Section 263A. However, beginning in the tax year 2022, the TCJA removed the ability to add all depreciation and amortization into the ATI calculation. Therefore, the Company has modified the ATI calculation and, given the Company's significant taxable income in 2022, no interest limitation has occurred in the 2022 provision calculation, even with the inability to add depreciation and amortization. The Company will continue to monitor any further legislative developments, as well as future debt profiles, but currently does not expect interest capping in the coming years.

In January 2023, the IRS released interim guidance on the new 15% Corporate Alternative Minimum Tax (CAMT), which was enacted under the Inflation Reduction Act of 2022. The CAMT will take effect beginning in 2023 and will be applicable to entities whose three-year average adjusted annual revenue (AFSA) exceeds $1 billion from all foreign-parent multinational group members. The company is currently evaluating the implications of this recent guidance, especially as it relates to incoming foreign-owned entities, to determine the applicability of these rules to Argos North America Corp. (ANAC), its foreign parent, and its foreign-affiliated companies. At this time, we do not expect the CAMT to affect ANAC's NOL, as these NOL are from 2017 and earlier.

As of 2022, one of the delayed provisions of the Tax Cuts and Jobs Act FROM 2017 (TCJA) took effect, whereby research and development (R&D) costs and internal software development costs (IRS Section 174 costs) must now be capitalized and amortized over 5 years for activities carried out in the United States and over 15 years if conducted outside the United States. This law change had an immaterial impact on the 2022 income provision; however, this change could have a more pronounced impact in the coming years, as the company expands its research and development activities and increases its use of proprietary software technology.

**PANAMA**

The income tax rate (ISR) applicable for 2022 is 25% (2021: 25%).

Act No. 8 from March 15, 2010, modifies the Alternate Calculation of Income Tax (CAIR), forcing a legal person which gives rise to income above one million five hundred thousand dollars (US$1,500,000) to determine as a taxable income, the greater amount between: (a) the net taxable income calculated by the ordinary method established in Title I from the Fourth Book of Panama Fiscal Code, and the net taxable income that is applied to the total taxable income, the four-point sixty-seven percent (4.67%).

Legal entities that incur losses due to the tax calculated under the presumptive method or that, due to the application of the said presumptive method, their effective rate exceeds the applicable tax rates for the fiscal period in question, may request the General Directorate of Revenue to be authorized to calculate the tax under the ordinary calculation method.

Following regulations, the income tax returns of companies incorporated in the Republic of Panama are subject to review by tax authorities for the last three years.

Following current Panamanian tax legislation, companies are exempt from paying income tax for profits from foreign sources. They are also exempt from income tax, interest earned on time deposits in local banks, interest earned on Panamanian state securities, and investments in securities issued through the Panama Stock Exchange.

Tax losses may be deductible from the taxable profit for the following five years, 20% each year, but limited to 50% of the tax result for each year.

**HONDURAS**

Companies residing in Honduras are taxed over territorial income. Non-resident companies are subject to corporate income tax (IRC) only on income derived from Honduran sources.

By Decree No. 25 of December 20, 1963, the obligation to pay income tax to natural or legal persons engaged in civil or commercial activities was established. According to Article No. 22, subparagraph a) from the income tax law, legal persons shall pay a rate of 25% on the net taxable income. On the other hand, by the Decree 278 of December 2013, the Law of Tax Equity was amended, by establishing a surcharge on income tax called the Solidarity Contribution, equal to five percent (5%) applied on the net taxable income in excess above one million lempiras (L1,000,000), which must be paid in four quarterly payments on the following dates; June, September, December and the final payment in April of each year.

Declarations that are open for inspection are the periods 2019, 2020, and 2021.

As of 2017, the new tax code entered into force; however, this has not been regulated and thus, there are no specific details for its application. This new regulation does not imply changes in tax rates, nor in assets or liabilities for taxes.

**DOMINICAN REPUBLIC**

Companies resident in the Dominican Republic are taxed on territorial income; that is, resident companies, branches, and permanent establishments are generally subject to income taxes from Dominican sources.

The corporation tax rate (IRC) is 27%. In addition, the asset tax at the rate of 1% is considered an alternative minimum income tax, payable when the income tax is lower than the asset tax.

**Strength of purpose for statements:**

The parent company and its subsidiaries present open validity periods for review by the tax authorities of each country, which vary between 2011 and 2021. The company management consider that no additional significant obligations will be generated as a result of possible reviews.

## 9.1. Income tax recognized in profit or loss for the period

| | 2022 | 2021 |
|---|---|---|
| **Current tax** | | |
| Regarding the current and previous year | 191,882 | 179,839 |
| Regarding the previous year | 49,267 | (4,918) |
| | **241,149** | **174,921** |
| **Deferred tax** | | |
| Origin and reversal of time differences* | 129,014 | 123,927 |
| Changes in laws and tax rates | (6,510) | (6,212) |
| For unrecognized tax credits affecting deferred tax | 1,941 | 1,062 |
| | **124,445** | **118,777** |
| **Current and deferred income tax expense** | **365,594** | **293,698** |

*The variation in deferred tax is mainly due to the reversal effect of deferred assets given by the use of tax credits during 2022.

The following table details the reconciliation of the effective tax rate applicable to the Group:

| | 2022 | 2021 |
|---|---|---|
| **Profit before income tax** | **580,408** | **817,634** |
| **Current tax expense at applicable legal rates** | **159,418** | **223,214** |
| Dividends | 203,503 | 148,225 |
| Non-taxable dividends | (71,307) | (94,908) |
| ECE Regime (Foreign Controlled Entities Regime), net | 22,493 | 22,513 |
| Non-taxable income | (11,834) | (14,000) |
| Net effect on USA assets | 39,516 | 13,602 |
| Effect of changes in approved tax rates | (6,510) | (6,212) |
| Use of tax losses or presumptive income in excess not previously recognized | (281) | (1,154) |
| Non-deductible and other expenses, net | 30,596 | 2,418 |
| Non-taxable investment sale | - | - |
| **Current tax expense at applicable legal rates** | **365,594** | **293,698** |
| **Effective income tax rate** | **63.0%** | **35.9%** |

Variations between the statutory rates applicable to Cementos Argos S.A. and its subsidiaries, individually considered, and the effective rate generated in the consolidated financial statements, are mainly due to:

- Tax effect for dividends received by Cementos Argos as taxed, and deferred tax assets generated by indirect tax discounts from the dividends distribution from abroad for USD$126.08 million.
- Tax effect in Colombia, for passive income recognized by the Regime of Foreign Controlled Entities (ECE) application.
- Tax effect for the permanent differences generated in assets sales in the United States, as well as for and collections from previous years.
- Effect of change of state rate in the USA. In the case of Colombia, the company availed itself of the voluntary exemption enshrined in article 1 from Decree 2617 of 2022 on the recognition of the rate change effect, which established that it could be recognized within the entity's equity in the accumulated results of previous years.
- Non-deductible expenses and untaxable income are treated as permanent differences in the income tax calculation.

**OTHER EFFECTS**

- Variation in deferred tax expense at Cementos Argos S.A. was mainly caused by the higher deferred asset generated by the indirect tax discount on the dividends distribution from abroad and the compensation effect of excess presumptive income and use of tax discounts during 2022.
- Tax benefits associated with a greater participation of the Zona Franca Argos S.A.S. subsidiary in operational activities, which is subject to a 15% rental rate by the Free Zone regime in Colombia. It should be noted that the company has a current legal stability contract signed with the Government in 2008 with a validity of 20 years.
- During 2021, the Zona Franca Argos S.A.S subsidiary was linked to a Works for Taxes project with an investment of $2,752 charged to the 2020 income liability, the project aims to improve conditions for training and the development of educational skills of 22,736 students from non-certified municipalities, located in the ZOMAC Municipalities of the West and Southwest subregions of the Antioquia department, and its development in conjunction with other Group companies. Up to date, this contract is in the closing phase.

## 9.2. Income tax recognized in other comprehensive income

| | 2022 | 2021 |
|---|---|---|
| New measurements of defined benefit plans | (12,631) | (11,680) |
| Cash flow hedges | (12,363) | (4,892) |
| Difference in exchange for foreign business conversion | (3,227) | (1,399) |
| Measurement of equity investments at fair value | 3 | 118 |
| **Income tax recognized in other comprehensive income, global** | **(28,218)** | **(17,853)** |
| **Income tax recognized in other comprehensive income, controlling interest** | **(27,565)** | **(18,821)** |

## 9.3. Balances in favor of taxes, and current tax liabilities and deferred tax balances

| | 2022 | 2021 |
|---|---|---|
| Current tax assets | 173,580 | 155,790 |
| Current tax liabilities | (94,530) | (63,100) |
| **Current tax assets, net** | **79,050** | **92,690** |
| Deferred tax assets | 259,645 | 312,948 |
| Deferred tax liability | (467,394) | (293,992) |
| **Deferred tax assets, net** | **(207,749)** | **18,956** |

The movement of the Group's net deferred tax liability for the period ended December 31, 2022 and 2021 is detailed below:

| | | | Recognized in: | | | | |
|---|---|---|---|---|---|---|---|
| | Closing balance | Results | Other comprehensive income | Equity | Conversion effect | Closing balance | Results |
| **Deferred tax 2022** | | | | | | | |
| Other current assets | 18,563 | (3,834) | - | - | 3,215 | - | 17,944 |
| Other equity investments | (13,094) | (4,891) | (3,227) | - | (106) | - | (21,318) |
| Property, plant and equipment | (731,242) | 13,475 | - | (33,731) | (88,850) | - | (840,348) |
| Intangible assets | (168,268) | 8,092 | - | - | (26,374) | - | (186,550) |
| Other non-current assets | 9,917 | 13,417 | - | - | 3,988 | - | 27,322 |
| Provisions | 34,109 | (5,435) | - | - | 1,602 | - | 30,276 |
| Employee Benefits | 11,239 | (878) | (12,631) | - | 2,094 | - | (176) |
| Financial Liabilities | 42,344 | 9,236 | - | - | 1,852 | - | 53,432 |
| Financial Instruments | (1,464) | (16,597) | (12,361) | - | (690) | - | (31,112) |
| Financial leases | 25,525 | 3,739 | - | - | 4,925 | - | 34,189 |
| Other liabilities | (4,418) | 11,345 | - | - | 554 | - | 7,481 |
| Unused tax credits | 200,984 | 45,342 | - | - | 3,661 | - | 249,987 |
| Unused tax losses | 508,775 | (154,610) | - | - | 53,818 | - | 407,983 |
| Unused presumptive income in excess | 85,986 | (42,846) | - | - | 1 | - | 43,141 |
| **Deferred tax assets, net** | **18,956** | **(124,445)** | **(28,219)** | **(33.731)** | **(40,310)** | **-** | **(207,749)** |

| | | | Recognized in: | | | | |
|---|---|---|---|---|---|---|---|
| | Closing balance | Results | Other comprehensive income | Equity | Conversion effect | Closing balance | Results |
| **Deferred tax 2021** | | | | | | | |
| Other current assets | 19,908 | (3,874) | - | - | 2,529 | - | 18,563 |
| Other equity investments | (6,544) | (5,182) | (1,399) | - | 31 | - | (13,094) |
| Property, plant and equipment | (684,995) | 15,011 | - | - | (61,258) | - | (731,242) |
| Intangible Assets | (145,341) | (10,937) | - | 9,677 | (21,667) | - | (168,268) |
| Other non-current assets | (8,266) | 17,875 | - | - | 308 | - | 9,917 |
| Provisions | 26,499 | 6,096 | - | - | 1,514 | - | 34,109 |
| Employee benefits | 19,679 | 2,328 | (11,680) | - | 912 | - | 11,239 |
| Financial Liabilities | 24,195 | 14,447 | - | - | 3,702 | - | 42,344 |
| Financial Instruments | 14,061 | (11,067) | (4,774) | - | 316 | - | (1,464) |
| Financial leases | 19,033 | 3,818 | - | - | 2,674 | - | 25,525 |
| Other liabilities | 12,155 | (18,031) | - | - | 1,458 | - | (4,418) |
| Unused tax credits | 199,569 | (736) | - | - | 2,151 | - | 200,984 |
| Unused tax losses | 576,955 | (128,059) | - | - | 59,879 | - | 508,775 |
| Unused presumptive income in excess | 87,192 | (466) | - | - | (740) | - | 85,986 |
| **Deferred tax assets, net** | **154,100** | **(118,777)** | **(17,853)** | **9,677** | **(8,191)** | **-** | **18,956** |

The Group evaluates the recoverability of its assets for deferred taxes from tax credits, reviewing the rights validity, the compensation times according to the regulation in each country, and estimating the probability of their use before their maturity, through the analysis of generation of sufficient future taxable income.

When analyses indicate that there is no high probability of using the deferred tax asset in its entirety, the asset is reduced to its recoverable amount. In such cases where it is concluded that it is not possible to use a deferred tax asset before its expiration, the asset is not recognized. Decreases in deferred tax assets are recognized in income tax expense in the period when it is concluded that there is no likelihood of full or partial recovery.

To assess the likelihood that income tax-deferred assets will be realized, the financial and taxable income projections from the companies are considered, encompassing all available evidence both positive and negative, including, but not limited to, industry analyses, market conditions, expansion plans, tax strategies, tax structure and expected changes thereto, tax losses maturity and other applicable tax credits, and the future reversal of temporary differences. Likewise, variations are analyzed in each period between the actual results against the estimates, to determine whether such variations affect the amounts of such assets and to carry out the adjustments considered necessary, based on the relevant information available, which is recognized in income in the period in which its determination is conducted.

The active deferred tax recognition of the Colombia segment was based on the analysis of financial projections that Management has calculated, applying technical criteria in the generation of operational profit, which captures the most likely scenario of market share and costs and expenses association. Likewise, these projections capture through cash flows simulation, the variation of the obligations and associated financial expenses, obtaining the profit before tax, which is the fiscal analysis basis. Based on tax regulations in force in Colombia and the tax profile of each company, we proceed to calculate the tax base with the main tax premises identified in the financial projections for the companies: assets depreciation and amortization, ECE passive income (controlled entity from abroad) and taxable dividends. As a result of the above, Management may conclude that sufficient taxable income is generated to use tax credits before their maturity.

The active deferred tax recognition of the US segment was based on the following evidence: the most conservative scenarios allow evidence of the total recovery of tax losses accumulated in more than satisfactory periods of time. Management has technically and carefully analyzed the reversal probabilities and horizons of these losses. As a basis, projections for impairment calculation of assets prepared by Cherry Baker were taken, assuming that, for each test year, only the projections were known to date in the most conservative scenario. In these projections, through a cash flows and financial obligations simulation, financial expenses were calculated to finally reach fiscal profit before taxes, ratifying the prompt recoverability of the losses incurred. After adjusting, mitigating, and even stabilizing growth in the medium term, projections results show persistence and consumption of accumulated losses. Tax loss balances have been offset over the past two years.

## 9.4. Unrecognized deductible temporary differences, unused tax losses and unused tax credits

Deductible temporary differences, presumptive income in excess, unused tax losses, and unused tax credits for which deferred tax assets have not been recognized are attributable to the following:

| | Unused Losses and Tax Credits | | Presumptive income in excess over ordinary net income | | Total tax benefits for which deferred tax was not recognized | |
|---|---|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| Between one and five years | 73,148 | 65,782 | - | - | 73,148 | 65,782 |
| More than five years | 22 | 1,256 | - | - | 22 | 1,256 |
| No time limit | 145 | 145 | - | - | 145 | 145 |
| **Total tax benefits** | **73,315** | **67,183** | **-** | **-** | **73,315** | **67,183** |

## 9.5. Impact on income tax on dividends proposed or declared before the financial statements issuance and on the potential dividends payment to its shareholders

No proposed dividends are presented before the consolidated financial statements have been authorized for issuance, on which an impact on income tax could be expected.

The Group has no potential consequences on tax return in case of dividends payment to its shareholders.

## 9.6. Group tax risk management

Tax risks are a formal part of the Board of Directors' supervision mandate. Each quarter, the Board's Risk Committee receives reports on the evolution of strategic risks, including tax risks, included within the Group's 16 strategic risks, and reviews and advises on possible impacts that could negatively affect relationships with key stakeholders and brand reputation.

Tax teams ensure that their pairs at Cementos Argos S. A. fully understand the tax function and legal requirements, including tax planning, policies and procedures. For this reason, the tax teams work with regional teams to provide clear, timely, and relevant advice to the tax issues that arise, recommending alternative strategies (if identified) to achieve the business results expected with the more efficient approach to tax and with compliance with applicable laws, and seeking to ensure a detailed understanding of alternative tax, and the financial and reputational consequences associated. These business decisions and their inputs include the evaluation, quantification, and presentation of tax provisions included in financial results.

According to reputational risk assessment and risk tolerance, the Company works hard to avoid any negative impact on shareholder value. To ensure adequate risk monitoring, permanent tax management controls and a periodic tax risk assessment are carried out.

The Group assesses tax risks on an ongoing basis, even if its tax strategy is not aggressive. The Group believes that for its strategy to be efficient in the short term, it does not necessarily have to adopt an aggressive approach. The risks that have been identified above have been assessed as part of the Company's strategic financial risk, so they are all being addressed in accordance with the corporate risk strategy.

For the Group, the best tax strategy is a strategy that creates maximum added value for all its stakeholders (which in turn, creates benefits for the Company) and not just for shareholders, using optimization strategies. Thanks to this interpretation, Argos also ensures the returns of its tax strategy in the medium and long term, providing benefits for the company, such as good relationships with the authorities, a good reputation and the increase of the resources available for local development, through its contributions. In this way, Argos sees its tax strategy as its main tool to mitigate risks.

The tax policy for Cementos Argos is aligned with our Corporate Governance Code, which provides the framework for the relationship between the different interest groups and aims at transparency and proper management of information and the responsibility of officials.

The tax strategy used by Argos is also aligned with our Code of Business Conduct, which develops the principles of the Good Governance Code for Argos employees, implementing the disclosure of financial information and the transparency policy regarding Argos' financial statements and its subsidiaries. Taxes are paid in accordance with all relevant rules and regulations of the countries in which we operate.

The Corporate Governance Code and the Code of Business Conduct are approved by the Board of Directors. In addition, the tax policy was approved by the Board Directors along with the other accounting policies applied in the financial statements, which are annually approved by the Board of Directors.

Our tax strategy efficiently supports the operation and consolidation of procedures and protocols for transparency and accountability, implementation and regulatory compliance in each country, by Cementos Argos and its subsidiaries, which in turn is in the best interest of its shareholders.

## NOTE 10: INVENTORIES

| | 2022 | 2021 |
|---|---|---|
| Raw materials and direct materials | 455,916 | 305,701 |
| Materials, spare parts and accessories | 431,524 | 305,772 |
| Finished product | 223,296 | 137,274 |
| Product in process | 177,921 | 142,786 |
| Inventory in transit | 132,945 | 90,483 |
| Goods not manufactured by the company | 41,752 | 26,880 |
| Other inventories | 35,522 | 22,847 |
| Advances for inventory acquisition | 3,815 | 3,553 |
| **Inventories, net** | **1,502,691** | **1,035,296** |

The cost of inventories recognized as the cost of merchandise sold during the period, including unabsorbed costs, is $9,627,196 (2021: $7,912,107). The decrease value in inventories to net realizable value corresponds to $14,356 (2021: $11,662) with a value reduction reversal of $427 (2021: $795). The reversal of the inventory value reduction corresponds to the Argos Puerto Rico Corp. $181 (2021: 795) and Argos Panama S.A. $246 (2021: $0) subsidiaries. The value of unabsorbed costs in inventory is $59,831 (2021: $106,893).

As of December 31, 2022, and 2021, Cementos Argos S. A. and its subsidiaries do not maintain committed inventories as a liabilities guarantee and expect to carry out their inventories in a period of fewer than 12 months.

# NOTE 11: BIOLOGICAL ASSETS

| | 2022 | 2021 |
|---|---|---|
| **Biological assets** | | |
| Book value as of January 1 | 19,953 | 20,404 |
| Changes in fair value minus selling costs | 772 | (252) |
| Biological assets selling | (1,255) | (199) |
| **Book value as of December 31** | **19,470** | **19,953** |

The Group carries out agricultural activities through Cementos Argos S.A., which maintains forestry projects. The Group biological assets are measured at fair value minus the estimated costs of sale at the harvest or collection point. Changes in biological assets fair value are presented in the statement of comprehensive income, such as income or valuation expense as appropriate.

For the plantation's valuation, the discounted cash flow model was used, considering that the future economic benefits associated with the forest cover are expected to be carried out 3 or 4 times over time, as follows: at the moment when the 2 or 3 thinning are carried out, which depend on the plantation age and diameter, and at the last moment when the clear felling is carried out. In this sense, fair value is determined by applying a discount rate to future net cash flows, for which purpose Weighted Average Cost of Capital (WACC) was used, which was estimated at 9.98% for 2022 (2021: 8.46%). The sale price, volume, determined based on forestry experience and studies, and the estimation of costs and expenses are significant unobservable input data for the measurement.

The Group biological assets are composed of plantations, as follows:

| | 2022 | 2021 |
|---|---|---|
| Plantations (hectares planted = ha) | 1,103 | 1,158 |

As of December 31, 2022 and comparative, plantations mainly include teak, eucalyptus, pine, rubber, acacia and melina, distributed throughout the national territory in Boyacá, Riosucio (Caldas), Montebello (Antioquia), Rioclaro (Antioquia), Cartagena (Bolivar), Victoria (Caldas) and Puerto Nare (Antioquia).

At the end of the reporting and comparative period, there are no restrictions on the ownership of the Group's biological assets, nor contractual commitments for their development or acquisition and they have not been pledged as collateral for debts fulfillment.

# NOTE 12: INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

The details of the Group's associates and joint ventures as of the reporting period date are as follows:

| | | | | Proportion of shareholding and voting power | |
|---|---|---|---|---|---|
| **Investee** | **Type** | **Location** | **Main activity** | **2022** | **2021** |
| Trans Atlantic Shipmanagement Ltd. | Joint venture | British Virgin Islands | Sea freight transport | 50.00 | 50.00 |
| MMC Cement Division C.V. | Joint venture | Curacao | Cement marketing | 50.00 | 50.00 |
| Soluciones de Crédito S.A.S. | Associate | Colombia | Credit and microcredit provision | 48.98 | 48.98 |
| Saint-Gobain Colombia S.A.S. | Associate | Colombia | Design and production of production materials | 40.00 | - |
| Granulados Reciclados de Colombia Greco S.A.S. | Joint venture | Colombia | Toilet facilities | 43.98 | 41.91 |
| Summa S.A.S. | Associate | Colombia | Business services | 25.00 | 25.00 |

All associates and joint ventures are accounted for using the equity participation method in the consolidated financial statements. None of the investments in associates and joint ventures maintained by the Group is listed in a national or foreign stock market; therefore, there is no quoted market price for the investment.

## 12.1. Investments in associates and joint ventures

The summarized financial information regarding each of the Group's associates is presented below. This information represents amounts shown in the associates' financial statements, which were prepared in accordance with IFRS:

**Associates and joint ventures financial information of the Group**

| | Trans-Atlantic Shipmanagement Ltd. | | MMC Cement Division C. V | | Individually not significant Investee | |
|---|---|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| Current assets | 18,158 | 7,895 | 7,453 | 4,708 | 70,546 | 35,381 |
| Non-current assets | 112,603 | 86,475 | 10,504 | 9,603 | 22,059 | 23,041 |
| Current liabilities | 57,862 | 13,958 | 3,842 | 3,001 | 67,564 | 42,669 |
| Non-current liabilities | 4,805 | 44,214 | - | - | 6,508 | 15,181 |
| Ordinary income | 34,861 | 28,837 | 23,781 | 17,346 | 28,534 | 18,996 |
| Continuous operations | 21,559 | (13,065) | 398 | (157) | (5,736) | (6,236) |
| Total comprehensive income | 21,559 | (13,065) | 398 | (157) | (5,736) | (6,236) |

**Detailed financial information of significant associates and joint ventures**

| | Trans-Atlantic Shipmanagement Ltd. | | MMC Cement Division C. V | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| Cash and equivalents | 13,754 | 2,046 | 1,392 | 15 |
| Current financial liabilities | 53,421 | 9,652 | - | - |
| Non-current financial liabilities | 4,805 | 44,214 | - | - |
| Depreciation | 4,517 | 4,046 | 972 | 969 |
| Interest income | 43 | - | - | - |
| Interest costs | 2,652 | 3,320 | - | - |

The reconciliation of the summarized financial information with the associates and joint ventures book value in the consolidated financial statements is:

**Reconciliation of investments in associates and joint ventures with their financial information**

| | Trans-Atlantic Shipmanagement Ltd. | | MMC Cement Division C. V | | Individually not significant Investee | |
|---|---|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| Investee net assets | 68,094 | 36,198 | 14,115 | 11,310 | 18,795 | 2,773 |
| Share in the investee | 50.00% | 50.00% | 50.00% | 50.00% | 25%-49% | 25%-49% |
| Participation in the result of the period | 10,779 | (6,533) | 199 | (79) | (3,517) | (1,545) |
| **Total Net interest in investee income** | | | | | **7,461** | **(8,157)** |
| **Investee book value** | **34,047** | **18,099** | **7,058** | **5,655** | **7,979** | **2,848** |
| **Total carrying value of investments in investees** | | | | | **49,084** | **26,602** |

In February 2022, 188,800 shares were acquired, which represents 40% of the outstanding share from the associate Saint-Gobain Colombia S.A.S. and an investment of $6,942. Its corporate purpose is the design, production and distribution of construction and high performance materials (flat glass, insulation materials, channeling and abrasives).

In June 2022, the associate SUMMA S.A.S. was capitalized. for $1,490 using an advance made in previous years for said amount.

In December 2022, receivables with the Granulados Reciclados de Colombia-Greco joint venture were capitalized for $1,758, which meant the subscription of 171,000 shares and an increase in participation up to 43.98%.

For the reported periods, investments in associates and joint ventures do not have unrecognized losses of the current or prior period, nor did they declare dividends.

There are no significant restrictions on the ability of associates or joint ventures to transfer funds to the Group as cash dividends, or to repay loans or advances made by the Group. The Group has no contingent liabilities related to its investments in associates and joint ventures.

# NOTE 13: SUBSIDIARIES

## 13.1. GROUP COMPOSITION

The following are the companies included in Cementos Argos S.A. consolidated financial Statements:

**ARGOS DOMINICANA S.A.**
Company by shares incorporated under Dominican Republic laws on February 12, 1996; its main purpose is clinker and cement manufacture, marketing, import, and export; exploitation and marketing of minerals used and related to the cement industry. The company's main domicile is in the city of Santo Domingo and its term is indefinite. Consolidates with Concretos Argos Dominicanos, S. R. L.

**ARGOS GUATEMALA S. A.**
Incorporated in the city of Guatemala, on January 7, 2020; its corporate purpose is cement, clinker, concrete, aggregates, related products, and derivatives manufacture, sale, export, and import; as well as all types of raw material, machinery, equipment, and spare parts import for cement, clinker, concrete, aggregates and related products, and derivatives manufacture and sale, all of the above with the assistance of professionals on the matter. The main domicile is in Guatemala, and it was established for an indefinite term. This company was acquired on June 9, 2020.

**ARGOS GUYANE S.A.S.**
Incorporated on March 23, 1989, its main address is Cayenne, French Guiana; its corporate purpose is cementing manufacture and all derived products, as well as the import of all raw materials and finished products necessary for the cement and related products preparation, marketing, and export. The company duration is 99 years from March 23, 1989, unless early dissolution or extension. This company was acquired in April 2014.

**ARGOS HONDURAS S.A. DE C.V.**
Incorporated in accordance with Honduran law on July 10, 1975, its domicile is Tegucigalpa. Its main purpose is cement exploitation of all kinds, their derivatives, and products being manufactured from them; obtaining exploration permits, and exploitation concessions of land and mineral deposits, whose substances are required for cement manufacture and its derivatives. Its duration is for an indefinite period. In November 2019, it absorbs Cementos del Sur S. A. and Concretos Argos Honduras, S. A., companies, which it consolidated.

**ARGOS NORTH AMERICA CORP**
Incorporated under the State of Delaware (United States) laws, on December 19, 2006; his principal domicile is in the city of Alpharetta (Georgia), it is aimed at the social development of investment lawful activities in the cement, concrete, and related products sector. Its term is in perpetuity. The Corporation consolidates with Argos USA LLC, and Southern Star Leasing LLC.

**ARGOS PANAMÁ S.A.**
Stock corporation incorporated under the Republic of Panama laws on June 25, 1943. Its main purpose is cement and its derivatives manufacture, sale, import, and export; as well as all types of raw material, machinery, equipment, and spare parts importation for cement manufacture and sale. The company main domicile is located in Panama City, Republic of Panama, and the term is in perpetuity. This company consolidates with Concreto S. A., and Terminal Granelera Bahía Las Minas S. A. In November, 2019, it absorbed its subsidiary, called Grava, S. A.

**ARGOS PUERTO RICO CORP.**
Acquired on February 8, 2017, in Puerto Rico. Argos San Juan, Corp., is a for-profit corporation, organized under the Commonwealth of Puerto Rico laws, to engage in cement manufacture and sale. It is registered in the Registry of Corporations from Puerto Rico State Department and its term is indefinite. In February 2018, it absorbed the Argos Puerto Rico, LLC company, a maritime cement terminal that had been acquired on April 30, 2015 and was dedicated to cement receipt, storage, sale and distribution. This company consolidates with Argos Trading Puerto Rico LLC, whose activity is cement and related products export.

**ARGOS SEM, LLC**
Established on March 21, 2014, in Panama City, (and relocated in December 2018 to Delaware, United States, at which time the name transformation from Argos SEM SA to Argos SEM, LLC was produced). Its purpose is to establish and operate as a Multinational Company Headquarters to provide all and any management and/or administration services for operations in a specific or global geographical area of a company from the business group; also, to internationally dedicate to the manufacture and marketing of goods of all kinds, as well as to the services marketing of all kinds, as allowed in the law from the respective state or jurisdiction. In May 2018, it absorbed the International Cement Company S.A. company, an entity incorporated in Panama on November 24, 1997, with the purpose of acquiring, owning, administering, taxing, leasing, and disposing of in any way all kinds of goods, whether on their own or third parties.

**BMR LTD**
Incorporated under the laws of Bermuda on April 19, 2022; Its main address is at Crawford House, 50 Cedar avenue, Hamilton, Pembroke, HM 11, Bermuda. its corporate purpose is reinsurance for the management of the company's risks. Its term of duration is indefinite. On April 22, 2022, the company acquired 100% of the shares.

**CEMENT AND MINING ENGINEERING INC.**
Incorporated under Panamanian laws on February 4, 1997; its primary residence is located in Panama City, Panama; its purpose is towards social construction, technical assistance, equipment installation, and assembly, purchase, real and personal property sale and management, investments, funding, and share in societies, patents purchase or acquisition, trademarks, copyrights, licenses and formulas, operations with banks or other financial institutions. Likewise, sale of shares, securities or bonds, financing and share in companies, mining, maritime, and any other lawful business allowed by the Republic of Panama laws. Its term is in perpetuity.

**CEMENTOS DE CALDAS S.A.**
Incorporated in accordance with Colombian laws on July 17, 2007; its main domicile is in Villamaría, Caldas department. Its corporate purpose is the exploitation of the cement industry and the production of concrete mixtures and their derivatives. Its term of duration extends until July 22, 2054.

**C.I. DEL MAR CARIBE (BVI) INC.**
Incorporated in accordance with the British Virgin Islands laws on June 2, 2004; its main domicile is in Tortola and its corporate purpose is cement, clinker, and lime marketing. Its term is in perpetuity.

**COLCARIBE HOLDINGS, S.A.**
Incorporated under Panamanian laws on June 25, 1996.; its principal domicile is in Panama City. Its corporate purpose is to negotiate or dispose of securities, bonds, shares in other Companies and rights of any kind, either on its own or third parties, as well as open, operate, close accounts and deposits in financial institutions, lend or accept money in loans and give guarantees in favor of third parties in any currency of the world. Its term is in perpetuity.

**CONCRETOS ARGOS S.A.S.**
Corporation constituted in accordance with Colombian laws on April 22, 1985. Its main purpose is the exploration, exploitation, transport, benefit, integral use, marketing, and sale of stony minerals such as: sand, cement, gravels, pre-mixed concrete and precast concrete elements, concrete blocks, and any materials and own elements, accessories, and supplements used in the construction industry. The main domicile of the company is in Bogotá and the term of duration is until September 8, 2093.

**CORPORACIONES E INVERSIONES DEL MAR CARIBE S.A.S.**
Incorporated in accordance with Colombian laws on December 14, 1982. Its principal domicile is in the city of Medellín, and the term of duration is indefinite. The Company's corporate purpose is to carry out any lawful economic activity, both in Colombia and abroad. Currently, it is dedicated to investment in shares or interest rates. This Company consolidates with Argos USVI Corp., Argos (Dominica) Ltd., Argos Saint Maarten N.V. and Cementos Argos Company Limited.

**HAITÍ CEMENT HOLDING, S.A.**
Incorporated and domiciled in Panama City, Republic of Panama on October 7, 1997. Its main activity is to acquire, buy, invest in securities, bonds, shares, equity interests in other companies, as well as any lawful business allowed by the Republic of Panama laws. The duration of the company is in perpetuity. This company consolidates with Cimenterie Nationale S.E.M. (CINA).

**LOGÍSTICA DE TRANSPORTE S.A.**
Incorporated in accordance with Colombian laws on April 16, 1996; its principal domicile is in the city of Medellín. Its corporate purpose is the transport of people and all types of cargo inside or outside the country, in any of its modalities, land, air, river and sea, whether in vehicles, ships or aircraft owned or owned by third parties that are affiliated with it. The term of the company expires on April 16, 2026.

**SOLUCIONES MODULARES ARGOS S.A.**
Incorporated in accordance with Colombian law on February 16, 2022. Its corporate purpose is the design, production, transportation, assembly, marketing, and sale of precast concrete elements. Cementos Argos S.A. participates in the capital stock with a 100% participation, equivalent to 100,000 ordinary shares. The term of duration of the company is indefinite.

**SURCOL HOUDSTERMAATSCHAPPIJ N.V.**
Company incorporated in accordance with Suriname laws on March 1, 2006 and the term is indefinite; its main purpose is investments realization. The company's main domicile is in Paramaribo, Suriname. This company consolidates with Vensur N.V.

**TRANSATLANTIC CEMENT CARRIERS, INC.**
Incorporated in accordance with Panamanian laws on July 26, 1974; with principal domicile in Panama City and the term of duration is indefinite. Its corporate purpose is maritime transport, especially cement, clinker and the sale of these same products. In June 2018, through merger, it absorbed Compañía Marítima de Graneles S.A., which had been established in accordance with Panamanian laws on December 29, 1978, and which was dedicated to maritime transport, especially cement and clinker and the purchase and sale of these same products, ships chartering and especially the provisioning of them.

**VALLE CEMENT INVESTMENTS LTD.**
Incorporated in accordance with the British Virgin Islands laws on November 18, 1998; its main domicile is in the British Virgin Islands and its corporate purpose is to make investments of any kind. The duration term of the company is indefinite.

**VENEZUELA PORTS COMPANY, S.A.**
Incorporated in Panama City, Republic of Panama on February 26, 2002. Its domicile is in Panama City. Its main activity is to invest in societies, companies, or projects, and the negotiation, exploitation, or participation in industrial, mining, commercial, real estate, maritime, or any other kind of companies, as well as any licit business allowed by the Republic of Panama laws. The duration of the company is in perpetuity.

**ZONA FRANCA ARGOS S.A.S.**
Incorporated in accordance with Colombian laws on July 5, 2007, its principal domicile is in the city of Cartagena and its term of duration is indefinite. Its corporate purpose is the exploitation of the cement industry, the production of concrete mixtures and any other materials or articles based on cement, lime or clay, the acquisition and disposal of minerals or ore deposits that can be used in the cement industry and its similar, rights to explore and exploit minerals indicated, either by concession, privilege, lease or any other title, direct, manage, supervise, promote and develop a free zone, carry out all activities that in its condition of a single user of a special free zone are convenient, relevant or necessary, carry out the following activities as a port operator: loading and unloading, storage in ports, import and export of goods and services, general cargo handling, containerized cargo handling. It was declared in 2007 as a permanent special free zone.

The details of the Group's subsidiaries at the reporting period date, as well as the shareholding and voting power for 2022 and 2021 are as follows:

| Subsidiary | Type | Location | Main activity | 2022 | 2021 |
|---|---|---|---|---|---|
| **Subsidiary** | | | | | |
| American Cement Terminals LLC. | P | United States | Investments | - | 100.00 |
| American Cement Terminals Trust (BVI) | P | Virgin Islands | Investments | 100.00 | 100.00 |
| Argos (Dominica) Ltd. | A | Dominica | Cement distribution | 100.00 | 100.00 |
| Argos Dominicana S.A. | A | Dominican Republic | Cement production and marketing | 79.18 | 79.18 |
| Argos Guatemala | A | Guatemala | Cement production and marketing | 100.00 | 100.00 |
| Argos Guyane S.A.S. | A | French Guiana | Cement production and marketing | 100.00 | 100.00 |
| Argos Honduras S.A. de C.V. | A | Honduras | Cement production and marketing | 53.29 | 53.29 |
| Argos Panamá, S.A. | A | Panama | Cement and concrete industry and marketing | 83.35 | 83.35 |
| Argos North America Corp. | A | United States | Investments | 99.08 | 99.08 |
| Argos Ports (Wilmington) LLC. | P | United States | Cement distribution and sale | - | 100.00 |

| Subsidiary | Type | Location | Main activity | 2022 | 2021 |
|---|---|---|---|---|---|
| **Subsidiary** | | | | | |
| Argos Puerto Rico, Corp | P | Puerto Rico | Cement distribution and sale | 60.00 | 60.00 |
| Argos SEM, LLC | P | United States | Investments | 100.00 | 100.00 |
| Argos St. Maarten N.V. | A | St. Maarten | Cement distribution | 100.00 | 100.00 |
| Argos Trading Puerto Rico LLC | P | Puerto Rico | Export | 60.00 | 60.00 |
| Argos USA LLC. | P | United States | Cement and concrete industry | 99.08 | 99.08 |
| Argos USVI Corp. | A | Virgin Islands | Cement distribution | 100.00 | 100.00 |
| BMR Limited | A | Bermuda | Reinsurance | 100.00 | - |
| Cement and Mining Engineering Inc. | A | Panama | Investments | 100.00 | 100.00 |
| Cementos Argos Company Limited | A | Antigua | Cement distribution | 100.00 | 100.00 |
| Cementos de Caldas S.A. | A | Colombia | Cement production | 99.64 | 99.64 |
| CI del Mar Caribe (BVI) Inc. | A | Virgin Islands | Marketing | 99.97 | 99.97 |
| Cimenterie Nationale S.E.M. (CINA) | A | Haiti | Cement industry and marketing | 65.00 | 65.00 |
| Colcaribe Holdings, S.A. | A | Panama | Investments | 100.00 | 100.00 |
| Comercial Arvenco, C.A. | A | Venezuela | Marketing | - | 100.00 |
| Concreto S.A. | A | Panama | Ready-mix concrete manufacturing | 83.35 | 83.35 |
| Concretos Argos S.A. | A | Colombia | Concrete production and marketing | 99.46 | 99.46 |
| Concretos Argos Dominicanos, S. R. L. | A | Dominican Republic | Concrete industry and marketing | - | 79.39 |
| Corporaciones e Inversiones del Mar Caribe S.A.S. | A | Colombia | Investments | 100.00 | 100.00 |
| Haiti Cement Holding, S.A. | A | Panama | Investments | 100.00 | 100.00 |
| Inmuebles Miraflores S.A. | A | Panama | Property management | 100.00 | 100.00 |
| Logística de Transporte S.A. | A | Colombia | Transport | 99.99 | 99.99 |
| Soluciones Modulares Argos S.A.S. | A | Colombia | Precast concrete industry | 99,46 | - |
| Supply Link LLC | P | United States | Receipt of goods in port | - | 100.00 |
| Southern Star Leasing, LLC | P | United States | Concrete industry | 99.08 | 99.08 |
| Surcol Houdstermaatschapij N.V. | A | Suriname | Investments | 50.00 | 50.00 |
| Terminal Granelera Bahía Las Minas S.A. | A | Panama | Sea ports operation | 83.35 | 83.35 |
| Transatlantic Cement Carriers, Inc. | A | Panama | Maritime transport | 100.00 | 100.00 |
| Valle Cement Investments Limited | A | Virgin Islands | Investments | 91.81 | 91.81 |
| Venezuela Ports Company, S.A. | A | Panama | Investments | 100.00 | 100.00 |
| Vensur N.V. | A | Suriname | Cement production and marketing | 42.10 | 42.10 |
| Zona Franca Argos S.A.S. | A | Colombia | Cement industry | 100.00 | 100.00 |

P = Investees; A = Shares.

Details of partially owned subsidiaries that have material non-controlling interests in the Group are disclosed in Note 13.5.

## 13.2. Investments incorporation and contribution in subsidiaries

- On September 26, 2022, the company Cementos Argos S.A. capitalized its subsidiary Argos St. Maarten for 3,098 (USD 700 thousand). This contribution was made through its subsidiary Corporaciones e Inversiones del Mar Caribe S.A.S. This capitalization did not imply changes in the subsidiary participation.
- On September 26, 2022, the company Cementos Argos S.A. capitalized its subsidiary Argos USVI Corp for 41,609 (USD 9,400 million). This contribution was made through its subsidiary Corporaciones e Inversiones del Mar Caribe S.A.S. This capitalization did not imply changes in the subsidiary participation.
- On April 22, 2022, Cementos Argos S.A. legalizes the constitution of the BMR Limited subsidiary domiciled in Bermuda. Cementos Argos S.A. participates in the capital stock in 100%, equivalent to 120,000 common shares, for a total contribution of capital and premium of $1,146 (USD 180,000), which were settled in May 2022.
- On February 28, 2022, Cementos Argos S.A. capitalized its indirect subsidiary Argos Ports LLC for $19,553 (USD 5 million). This contribution was made through the subsidiaries Colcaribe Holdings S.A., American Cement Terminal Trust and American Cement Terminal LLC, direct holdings of Argos Ports LLC. This capitalization did not imply participation changes in its subsidiaries.
- On February 16, 2022, Cementos Argos S.A. through its subsidiary Concretos Argos S.A.S. legalizes the constitution of the subsidiary Soluciones Modulares Argos S.A.S. domiciled in Colombia, whose corporate purpose is the design, production, transportation, assembly, marketing, and sale of precast concrete elements. Cementos Argos S.A. participates in the capital stock with a 100% participation, equivalent to 100,000 common shares, for a total capital contribution and premium of $5, which were paid in July 2022.
- On September 1, 2021, the repurchase of Provicem S.A. shares is formalized at Argos Panama S.A., equivalent to 4.75% of the participation in this entity. Through this contract, 71,877 shares are acquired, resulting in a total purchase payment of USD $26 million (COP $98,684). With this transaction, the participation percentage in this company is modified to 83.351%. The excess amount paid to non-controlling interests for $72,912 was recorded directly in consolidated equity.

## 13.3. Merger operations between group subsidiaries

- On July 1, 2022, Argos Dominicana S.A. absorbed by merger to Concretos Argos Dominicanos, S.R.L., this transaction had no impact on the consolidated financial statements.
- On August 1, 2022, the company Argos USA LLC absorbs through a merger the companies American Cement Terminals LLC, Argos Ports(Wilmington) LLC and Supply Link LLC., this transaction had no impact on the consolidated financial statements.

## 13.4. Subsidiaries liquidation

- On February 24, 2022, the company Comercial Arvenco C.A. from Venezuela was liquidated. This company did not present accounting balances in the consolidated financial statements.

## 13.5. Details of partially owned subsidiaries that have material non-controlling interests

The following table shows the detail of partially owned Group subsidiaries that have material non-controlling interests:

| Subsidiary | Place of incorporation and business headquarters | Proportion of shareholding and voting rights held by non-controlling interests | | Profit (loss) allocated to non-controlling interests | | Cumulative non-controlling interests | |
|---|---|---|---|---|---|---|---|
| | | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| Argos Honduras S.A. de C.V. | Honduras | 46.7% | 46.7% | 61,555 | 63,243 | 781,086 | 661,815 |
| Argos Panamá, S. A. and subsidiaries | Panama | 16.7% | 16.7% | 2,519 | 4,951 | 21,414 | 87,409 |
| Argos Puerto Rico, Corp. | Puerto Rico | 40.0% | 40.0% | (1,497) | 7,324 | 115,208 | 96,751 |
| Argos Dominicana S.A. and subsidiary | Dominican Republic | 20.8% | 20.8% | 13,408 | 10,940 | 35,784 | 23,330 |
| Valle Cement Investments Limited | Virgin Islands | 8.2% | 8.2% | 712 | 394 | 22,317 | 17,626 |
| Argos USA LLC. | United States | 0.9% | 0.9% | 1,769 | 7,843 | 107,253 | 86,414 |
| | | | | **78,466** | **94,695** | **1,083,062** | **973,345** |
| **Individually intangible subsidiaries, with non-controlling interests** | | | | (5,939) | (1,891) | (32,378) | (18,658) |
| **TOTAL CUMULATIVE NON-CONTROLLING INTERESTS** | | | | **72,527** | **92,804** | **1,050,684** | **954,687** |

The summarized financial information regarding each of the Group's subsidiaries that has material non-controlling interests is presented below. The summarized financial information below represents amounts prior to intergroup eliminations:

| 2022 | Current assets | Non-current assets | Current liabilities | Non-current liabilities | Ordinary income | Net income | Other comprehensive income | Total comprehensive income |
|---|---|---|---|---|---|---|---|---|
| Argos Dominicana S. A. and subsidiary | 165,964 | 96,417 | 74,801 | 15,723 | 383,237 | 52,539 | 34,868 | 99,259 |
| Argos Honduras S. A. de C.V. | 367,220 | 1,669,465 | 210,533 | 153,985 | 604,029 | 135,392 | 260,421 | 392,200 |
| Argos Panamá, S.A. and subsidiaries | 222,801 | 715,732 | 263,016 | 8,493 | 415,870 | 29,736 | 112,747 | 127,879 |
| Argos Puerto Rico Corp. | 156,592 | 350,626 | 148,603 | 49,722 | 296,664 | 22,812 | 53,331 | 51,892 |
| Argos USA LLC. | 6,441,292 | 9,125,224 | 3,136,869 | 1,208,094 | 6,668,712 | 757,926 | 1,930,296 | 1,983,102 |
| Valle Cement Investments Limited | 1,651,978 | 700,485 | 428,471 | 954,825 | - | 54,099 | 174,550 | 197,256 |

| 2021 | Current assets | Non-current assets | Current liabilities | Non-current liabilities | Ordinary income | Net income | Other comprehensive income | Total comprehensive income |
|---|---|---|---|---|---|---|---|---|
| Argos Dominicana S. A. and subsidiary | 115,038 | 60,473 | 61,818 | 1,652 | 277,914 | 52,539 | 16,618 | 69,157 |
| Argos Honduras S. A. de C.V. | 301,663 | 1,408,211 | 152,578 | 140,468 | 557,492 | 135,392 | 177,820 | 313,212 |
| Argos Panamá, S.A. and subsidiaries | 151,727 | 608,807 | 199,353 | 8,425 | 307,615 | 29,736 | 73,590 | 103,326 |
| Argos Puerto Rico Corp. | 115,104 | 305,566 | 62,533 | 101,137 | 232,377 | 22,812 | 33,502 | 56,314 |
| Argos USA LLC. | 4,679,056 | 8,003,685 | 2,201,192 | 1,353,466 | 5,429,634 | 757,926 | 1,214,104 | 1,972,031 |
| Valle Cement Investments Limited | 1,589,426 | 565,715 | 588,112 | 790,260 | - | 54,099 | 126,073 | 180,172 |

## 13.6. Change in group ownership interest in a subsidiary

- On September 1, 2021, Provicem S. A. shares repurchase in Argos Panamá S. A. is formalized, equivalent to 4.75% of the shares in this entity. Through this contract, 71,877 shares are acquired, resulting in a total purchase payment of USD $26 million (COP $98,684). With this transaction, the share percentage in this company is modified to 83.35%. The excess value paid to non-controlling interests of $ 72,912 was recorded directly in consolidated equity.

## 13.7. Significant restrictions and financial support

The Group does not have subsidiaries with significant restrictions to transfer and/or receive assets from other Group Companies, nor are there protective rights to non-controlling interests that can significantly restrict the Group's ability to access or use the assets and settle the liabilities from the subsidiaries; there are also no guarantees or other requirements that may restrict dividends and other distributions of capital to be paid within the Group.

As of December 31, 2022 and 2021, the Group has not provided financial support without any contractual obligation to conduct it towards any investee, nor has it helped to obtain financial support.

# NOTE 14: OTHER INTANGIBLE ASSETS

## 14.1. Conciliation of cost, accumulated depreciation and intangible assets impairment

| | Opening balance | Additions | Amortization | Foreign currency change effect | Assets sale and withdrawal | Other changes | Closing Balance |
|---|---|---|---|---|---|---|---|
| **2022** | | | | | | | |
| Brands with indefinite useful life | 115,389 | - | - | - | - | - | 115,389 |
| Brands, customer lists and related | 1,138,289 | - | - | 225,312 | - | - | 1,363,601 |
| Concessions, franchises and rights | 485,927 | 737 | - | 35,380 | (74) | (40,744) | 481,226 |
| Patents, licenses and software | 244,209 | 3,527 | - | 9,135 | (2) | 2.741 | 259,610 |
| Intangible assets in progress | 1,437 | 1,106 | - | 152 | - | (1,443) | 1,252 |
| Other intangible assets | 48,315 | 315 | - | 36 | - | (362) | 48,304 |
| **Historical cost** | **2,033,566** | **5,685** | **-** | **270,015** | **(76)** | **(39,808)** | **2,269,382** |
| Brands, customer lists and related | 782,006 | - | 56,795 | 163,881 | - | - | 1,002,682 |
| Concessions, franchises and rights | 300,761 | - | 34,525 | 20,035 | (60) | (36,610) | 318,651 |
| Patents, licenses and software | 229,261 | - | 8,232 | 8,268 | (2) | (24) | 245,735 |
| Other intangible assets | 16,693 | - | 12,649 | 36 | - | 3,592 | 32,970 |
| **Value depreciation and impairment** | **1,328,721** | **-** | **112,201** | **192,220** | **(62)** | **(33,042)** | **1,600,038** |
| **Intangible assets, net** | **704,845** | **5,685** | **(112,201)** | **77,795** | **(14)** | **(6,766)** | **669,344** |

| | Opening balance | Additions | Amortization | Foreign currency change effect | Assets sale and withdrawal [(2)] | Other changes [(1)] | Closing Balance |
|---|---|---|---|---|---|---|---|
| **2021** | | | | | | | |
| Brands with indefinite useful life | 115,389 | - | - | - | - | - | 115,389 |
| Brands, customer lists and related | 1,110,784 | - | - | 158,466 | (130,404) | (557) | 1,138,289 |
| Concessions, franchises and rights | 460,890 | - | - | 23,377 | - | 1,660 | 485,927 |
| Patents, licenses and software | 237,124 | 111 | - | 5,880 | (249) | 1,343 | 244,209 |
| Intangible assets in progress | 876 | 1,374 | - | 63 | - | (876) | 1,437 |
| Other intangible assets | 26,405 | - | - | - | - | 21,910 | 48,315 |
| **Historical cost** | **1,951,468** | **1,485** | **-** | **187,786** | **(130,653)** | **23,480** | **2,033,566** |
| Brands, customer lists and related | 723,467 | - | 58,670 | 106,823 | (106,954) | - | 782,006 |
| Concessions, franchises and rights | 259,816 | - | 28,570 | 11,915 | - | 460 | 300,761 |
| Patents, licenses and software | 206,419 | - | 17,909 | 5,165 | (248) | 16 | 229,261 |
| Other intangible assets | 11,542 | - | 5,151 | - | - | - | 16,693 |
| **Value depreciation and impairment** | **1,201,244** | **-** | **110,300** | **123,903** | **(107,202)** | **476** | **1,328,721** |
| **Intangible assets, net** | **750,224** | **1,485** | **(110,300)** | **63,883** | **(23,451)** | **23,004** | **704,845** |

(1) As of December 31, 2021, it includes expenditures for the improvement of technical knowledge in production processes.
(2) Corresponds to the sale of US assets (See Note 17.1)

As of December 31, 2022 and 2021, ongoing intangible assets do not include loan costs capitalization. Useful lives of other intangible assets are:

| Intangible | Useful life ranges in years | Depreciation method |
|---|---|---|
| Argos brand | Undefined | |
| Other brands | Finite: Between 2 and 20 | Linear |
| Client lists and client-related intangibles | Finite: Between 5 and 15 | Linear |
| Rights | Finite: Between 4 and 35 | Linear |
| Concessions, franchises and licenses | Finite: Between 4 and 75 | Linear |
| Licenses, patents and software | Finite: Between 2 and 10 | Linear |
| Other intangibles | Finite: Between 4 and 16 | Linear |

Intangibles amortization is recognized as expenses in the consolidated income statement, in the cost of sales, administrative expenses, and selling expenses line, and impairment losses are recognized as expenses in the income statement, in the goodwill impairment and other assets line.

During 2022, the Soluciones Modulares Argos S.A.S. subsidiary made disbursements for research and development projects, and they were recorded as part of administrative and sales expenses amounting to $677 (2021: $0). As of December 31, 2022 and 2021, there are no restrictions on the realization of intangible assets because none of them has been affected as a guarantee for obligations fulfillment, nor does the Group have contractual obligations to acquire or develop intangible assets.

The net carrying value and the remaining amortization period for other significant intangible assets is:

| Intangible | Remaining amortization period | 2022 | 2021 |
|---|---|---|---|
| Client list | 6 years | 267,250 | 260,470 |
| Argos brand | Undefined | 115,389 | 115,389 |

Management determined that the Argos Brand, purchased and paid in cash from Grupo Argos S. A. in December, 2005 for $115,389, is an intangible asset with an indefinite useful life given that Cementos Argos S. A., due to the legal rights acquired at the time of the purchase from Grupo Argos S. A., has the capacity to control the future economic benefits of the brand and expects it to generate economic benefits indefinitely (See Note ‘Impairment’).

Concessions, franchises and rights mainly include mining titles for $58,464 from Cementos Argos, acquired for the develo-pment of the operation, as well as 16 mining titles for $11,694 from the subsidiary Concretos Argos S.A. These intangible assets are recognized at cost and amortized over the period of exploitation rights.

# NOTE 15: PROPERTY, PLANT AND EQUIPMENT

## 15.1. Reconciliation of cost, accumulated depreciation and impairment of property, plant and equipment

| 2022 | Opening balance | Additions and depreciation | Loss of value impairment (3) | Transfers from NCAHS | Conversion effect | Sale and withdrawals | Business Arrangement (15.2) | Other changes (1) | Closing balance |
|---|---|---|---|---|---|---|---|---|---|
| Land | 1,431,298 | 859 | - | - | 114,370 | (790) | (22,241) | 1,050 | 1,524,546 |
| Assets in progress, assembly and transit (2) | 819,716 | 621,467 | - | - | 29,941 | - | - | (541,023) | 930,101 |
| Buildings and constructions | 2,475,858 | 4,115 | - | - | 389,900 | (20,266) | (30,115) | 33,388 | 2,852,880 |
| Machinery and production equipment | 8,570,799 | 30,140 | (724) | - | 1,115,033 | (48,336) | (84,876) | 398,688 | 9,980,724 |
| Office, computer, and communication equipment | 231,838 | 3,271 | - | - | 30,336 | (1,689) | (275) | 4,697 | 268,178 |
| Mines, quarries, and mineral deposits | 2,630,369 | 3,396 | - | - | 510,310 | (3,406) | | (42,101) | 3,098,568 |
| Overland transport equipment | 1,155,919 | 5,701 | - | - | 183,026 | (105,067) | (86,243) | 131,396 | 1,284,732 |
| River transport fleet | 55,671 | - | - | - | 11,160 | - | | 70 | 66,901 |
| Aqueduct, networks and communications routes | 358,019 | 523 | - | - | 52,057 | (947) | (10,311) | 10,364 | 409,705 |
| Advances given to third parties | 2,813 | 47,271 | - | - | 1,959 | - | | (3,576) | 48,467 |
| **Total historical cost** | **17,732,300** | **716,743** | **(724)** | **-** | **2,438,092** | **(180,501)** | **(234,061)** | **(7,047)** | **20,464,802** |

| 2022 | Opening balance | Additions and depreciation | Loss of value impairment (3) | Transfers from NCAHS | Conversion effect | Sale and withdrawals | Business Arrangement (15.2) | Other changes (1) | Closing balance |
|---|---|---|---|---|---|---|---|---|---|
| Buildings and constructions | 990,566 | 101,666 | - | - | 165,914 | (18,022) | (23,831) | (480) | 1,215,813 |
| Machinery and production equipment | 3,612,179 | 438,803 | - | - | 477,837 | (43,764) | (64,082) | 28,964 | 4,449,937 |
| Office, computer, and communication equipment | 181,259 | 13,584 | - | - | 23,802 | (1,684) | (176) | (106) | 216,679 |
| Mines, quarries, and mineral deposits | 241,832 | 19,342 | - | - | 29,490 | (2,860) | - | (7,750) | 280,054 |
| Overland transport equipment | 641,889 | 94,950 | - | - | 98,912 | (93,563) | (56,131) | 863 | 686,920 |
| River transport fleet | 13,241 | 2,387 | - | - | 2,888 | - | - | 1 | 18,517 |
| Aqueduct, networks and communications routes | 161,326 | 15,053 | - | - | 26,040 | (864) | (6,132) | - | 195,423 |
| **Total depreciation and impairment** | **5,842,292** | **685,785** | **-** | **-** | **824,883** | **(160,757)** | **(150,352)** | **21,492** | **7,063,343** |
| **Property, plant and equipment, net** | **11,890,008** | **30,958** | **(724)** | **-** | **1,613,209** | **(19,744)** | **(83,709)** | **(28,539)** | **13,401,459** |

(1) As of December 31, 2022, it mainly includes transfers between accounts due to activation and closure of ongoing projects.

(2) Within the construction in progress heading, equipment in assembly and transit, assets from the Helios project are included for a value of $583,546 and $527,111, for 2022 and 2021, respectively; corresponding to the construction and updating project of one of the cement plants, which is part of Colombia's existing integrated network and its start-up in operation is estimated for 2025.

(3) By the end of 2022, Argos USA LLC subsidiary generated an asset impairment at the individual level corresponding to a mixer drum component for US$170,080 ($724).

| 2021 | Opening balance | Additions and depreciation | Loss of value impairment (3) | Transfers from NCAHS | Conversion effec | Sale and withdrawals | Business Arrangement (15.2) | Other changes (1) | Closing balance |
|---|---|---|---|---|---|---|---|---|---|
| Land | 1,360,545 | 1,830 | - | - | 81,440 | (5,698) | (47,742) | 40,923 | 1,431,298 |
| Assets in progress, assembly and transit (2) | 793,554 | 413,589 | - | (323) | 7,634 | (3,660) | - | (391,078) | 819,716 |
| Buildings and constructions | 2,302,982 | 2,800 | (79) | - | 269,990 | (24,444) | (179,051) | 103,660 | 2,475,858 |
| Machinery and production equipment | 7,740,202 | 10,054 | (18,044) | 144 | 734,401 | (82,383) | (54,472) | 240,897 | 8,570,799 |
| Office, computer, and communication equipment | 243,624 | 1,367 | - | - | 22,579 | (33,591) | (8,541) | 6,400 | 231,838 |
| Mines, quarries, and mineral deposits | 2,334,574 | 1,625 | - | - | 344,048 | - | | (49,878) | 2,630,369 |
| Overland transport equipment | 1,096,575 | 13,957 | - | - | 133,038 | (72,419) | (113,458) | 98,226 | 1,155,919 |
| River transport fleet | 44,070 | 1,138 | - | - | 7,024 | - | | 3,439 | 55,671 |
| Aqueduct, networks and communications routes | 350.661 | - | - | - | 37,765 | (2,143) | (37,135) | 8,871 | 358,019 |
| Advances given to third parties | 1,219 | 4,523 | - | - | 156 | - | | (3,085) | 2,813 |
| **Total historical cost** | **16,268,006** | **450,883** | **(18,123)** | **(179)** | **1,638,075** | **(224,338)** | **(440,399)** | **58,375** | **17,732,300** |
| Buildings and constructions | 920.445 | 93.743 | - | - | 110,205 | (20,973) | (127,807) | 14,953 | 990,566 |
| Machinery and production equipment | 2.990.569 | 405.359 | - | - | 279,669 | (70,164) | (18,484) | 25,230 | 3,612,179 |
| Office, computer, and communication equipment | 182.877 | 19.298 | - | - | 16,783 | (33,154) | (4,316) | (229) | 181,259 |
| Mines, quarries, and mineral deposits | 194.928 | 36.323 | - | - | 15,978 | - | - | (5,397) | 241,832 |
| Overland transport equipment | 618.876 | 90.572 | - | - | 77,020 | (66,298) | (79,956) | 1,675 | 641,889 |
| River transport fleet | 9.603 | 2.088 | - | - | 1,551 | - | - | (1) | 13,241 |
| Aqueduct, networks and communications routes | 136.503 | 15.027 | - | - | 16,451 | (772) | (5,752) | (131) | 161,326 |
| **Total depreciation a nd impairment** | **5,053,801** | **662,410** | **-** | **-** | **517,657** | **(191,361)** | **(236,315)** | **36,100** | **5,842,292** |
| **Property, plant and equipment, net** | **11,214,205** | **(211,527)** | **(18,123)** | **(179)** | **1,120,418** | **(32,977)** | **(204,084)** | **22,275** | **11,890,008** |

(1) As of December 31, 2021, it mainly includes transfers between accounts due to activation and closure of ongoing projects.

(2) Within the item construction in progress, equipment in assembly and transit, assets from the Helios project are included for the amount of $527,111 and $568,223 for 2021 and 2020 respectively; corresponding to the project for the construction and updating of one of the cement plants, which is part of the existing integrated network for Colombia and its operation beginning is estimated for 2025.

[3] Corresponds to impairment by individual analysis of assets. (See note 17.3)

[4] The subsidiary in the United States recognized an impairment in the Mining and Quarrying item against equity, as a result of a review of the assets acquisition carried out in 2016. This effect was transferred to the consolidated financial statements via the equity method against the same equity account.

For 2022 there were no new capitalizations of costs per loan; for 2021, some projects were closed and $5,317 were capitalized to the assets created in said closing.

At the end of the reporting period and comparable ones, there are no restrictions on property, plant and equipment realization, nor contractual commitments for the acquisition of property, plant and equipment. The Group did not obtain compensation from third parties for damaged, lost or abandoned property, plant and equipment.

### 15.2. Sale of concrete plants

On March 31, 2022, Argos USA LLC - a subsidiary of Cementos Argos S.A. – sold twenty-three concrete plants, including equipment, buildings, land, and inventory to Smyrna Ready Mix Concrete, LLC. for USD 94 million. The sale price of the assets, less the book value of the delivered assets, generated an accounting profit for businesses disposition of $93,324 (USD 21.9 million), and an increase in the current tax expense of $6,507 (USD 1.5 million) and deferred tax in $55,213 (USD 13 million), presented in the lines of other operating income and expenses and income tax of the consolidated income statement. The figures in pesos are updated by the exchange rates established in each court.

On June 14, 2021, Argos USA LLC - a Cementos Argos S. A. subsidiary- sold twenty –four concrete plants, including equipment, buildings, land and inventory to Smyrna Ready Mix Concrete, LLC-for $ 184 million. The assets sale price, less the book value of the assets delivered, generated an accounting income for business disposal of $ 180,163 (USD 48.1 million), and an increase in current tax expenditure by $ 6,506 (USD 1.7 million) and deferred tax by $ 93,642 (USD 25 million), presented in the other income and operating expenses and income tax lines from the consolidated income statement. Disposed plants were part of several acquisitions, including Southern Star Concrete, a company acquired in 2005. Assets disposed of meet the business definition set out in IFRS 3. Figures in pesos are updated at the established exchange rates of each court.

## NOTE 16: INVESTMENT PROPERTIES

| | 2022 | 2021 |
|---|---|---|
| **Fair value of investment properties as of January 1** | **225,282** | **169,154** |
| Additions for purchases or construction | 551 | - |
| Transfers to and (from) investment properties | 3,639 | 1,327 |
| Effect of foreign exchange differences | 26,855 | 13,167 |
| Net profits from fair value adjustments | 13,029 | 42,240 |
| Disposals and withdrawals | (2,403) | (606) |
| **Fair value of investment properties as of December 31** | **266,953** | **225,282** |

During the period, the largest value of investment properties corresponds to adjustments to fair value by $13,029 and to the effect of the difference on foreign properties by $26,855.

The fair value of investment properties is determined by an independent valuation company. The appraisal companies used the comparative market and/or residual approach methodology to estimate the fair value.

Rental income from investment properties for the period amounted to $1,269 (2021: $847). Direct expenses related to investment properties that did not generate rental income are $2,740 (2021: $1,838) and related to rental income-generating properties are $209 (2021: $886). As of December 31, 2022, and 2021, the Group has no contractual obligations to acquire, build or develop investment property, nor are there any restrictions on any investment property.

# NOTE 17: GOODWILL AND ASSETS VALUE IMPAIRMENT

## 17.1. Goodwill movement by transaction segment

| | 2022 | | | 2021 | | |
|---|---|---|---|---|---|---|
| | Caribbean and Central America | United States | Total | Caribbean and Central America | United States | Total |
| Gross value | 968,668 | 1,515,577 | 2,484,245 | 847,740 | 1,506,671 | 2,354,411 |
| Accumulated value impairment | - | (621,332) | (621,332) | - | (535,703) | (535,703) |
| **Goodwill as of January 1** | **968,668** | **894,245** | **1,862,913** | **847,740** | **970,968** | **1,818,708** |
| Business disposal[1] | - | (223,183) | (223,183) | - | (218,298) | (218,298) |
| Currency conversion effect | 185,902 | 186,218 | 372,120 | 120,928 | 141,575 | 262,503 |
| **Goodwill as of December 31** | **1,154,570** | **857,280** | **2,011,850** | **968,668** | **894,245** | **1,862,913** |
| Gross value | 1,154,570 | 1,607,998 | 2,762,568 | 968,668 | 1,515,577 | 2,484,245 |
| Accumulated value impairment | - | (750,718) | (750,718) | - | (621,332) | (621,332) |
| **Goodwill as of December 31** | **1,154,570** | **857,280** | **2,011,850** | **968,668** | **894,245** | **1,862,913** |
| Intangible assets other than goodwill with indefinite useful lives in 2022 and 2021 | | | | | | 115,389 |

[1] On March 31, 2022, Argos USA LLC - a subsidiary of Cementos Argos S.A. – sold twenty-three concrete plants, including equipment, buildings, land, and inventory to Smyrna Ready Mix Concrete, LLC. for USD 94 million. The sale price of the assets, less the book value of the delivered assets, generated an accounting profit for businesses disposition of $93,324 (USD 21.9 million), and an increase in the current tax expense of $6,507 (USD 1.5 million) and deferred tax in $55,213 (USD 13 million), presented in the lines of other operating income and expenses and income tax of the consolidated income statement. The figures in pesos are updated by the exchange rates established in each cutoff date.

On June 14, 2021, Argos USA LLC - a Cementos Argos S. A. subsidiary- sold twenty –four concrete plants, including equipment, buildings, land, and inventory to Smyrna Ready Mix Concrete, LLC-for $ 184 million. The assets sale price, less the book value of the assets delivered, generated an accounting income for business disposal of $ 180,163 (USD 48.1 million), and an increase in current tax expenditure by $ 6,506 (USD 1.7 million) and deferred tax by $ 93,642 (USD 25 million), presented in the other income and operating expenses and income tax lines from the consolidated income statement. Disposed plants were part of several acquisitions, including Southern Star Concrete, a company acquired in 2005. Assets disposed of meet the business definition set out in IFRS 3. Figures in pesos are updated at the established exchange rates of each court.

Current goodwill is assigned to the United States region and to some countries in the Caribbean and Central America region, since the Administration controls goodwill at this level, both for financial reporting purposes and for carrying out impairment tests worth.

Impairment losses are recognized as expenses in the income statement for the impairment goodwill and other assets line. During the period, no impairment losses were recognized in the consolidated comprehensive income statement for the intangible asset with indefinite useful life "Argos Brand", or for any other intangible asset with finite useful life.

## 17.2. Goodwill value impairment

Goodwill and intangible assets with an indefinite useful life are not subject to amortization, the Group annually reviews the existence of impairment. At the end of the reporting period and comparatives, no impairment losses on goodwill were recognized.

The Group conducted impairment tests based on the value in use of its operating segments. The key assumptions used by the Group in determining the value in use are as follows:

| Key assumption | Description |
|---|---|
| Cash flow projection | The Group projects ordinary income based on the inflation of each country plus the addition of points associated with the expectation of market growth. On the other hand, costs are projected based on the inflation in each country. |
| Cash flow projection period | The period defined by Management for flows projection is 10 years with perpetuity, because the capital investments made by the Group in the operating segments require long recovery periods. |
| Discount rate applied to cash flow projections | The Group uses the valuation model of financial assets called CAPM (Capital Asset Pricing Model) to determine the discount rate, which uses as main variables:<br>- Risk-free rate: return on a portfolio that has no default risk. It takes as a reference U.S. treasury bonds yield with long-term maturity.<br>- Beta: risk measure that associates the share volatility with the market volatility.<br>- Market premium: spread between risk-free rate and market profitability.<br>- Country risk premium: it is the spread above the U.S. treasury bonds required by investors in international markets.<br>The sources used to determine these variables were: Damodaran and SBBI (stocks, Bonds, Bills and inflation) yearbook. |

| Key assumption | Description |
|---|---|
| Growth rate | Perpetuity corresponds to the company value at the end of the explicit period. The growth rate is defined considering not to exceed:<br>- The growth expectations of the operating country and business segment.<br>- The flows average growth of the explicit period in recent years. |

Values of the key assumptions used by the Group in determining the value in use of the operating segments are presented below:

| | Discount rate (before tax) | | Growth rate in perpetuity | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| Caribbean and Central America | 7.6% - 13.4% | 6.4% - 11.42% | 2.5% -3.5% | 2.5% -3.5% |
| United States | 11% | 9.5% | 2.5% | 2.5% |

## 17.3. Impairment value of other assets

IAS 36 – Impairment of assets requires assessing impairment indicators of non-current assets at the end of the reporting period, based on available external and internal information. The Group reviews the carrying value of non-current impairment assets whenever events or circumstances indicate that the carrying value may not be recoverable. If the total discounted future cash flows are less than the carrying value, the non-current asset carrying value is not recoverable, and an impairment loss is recognized in the consolidated income statement.

The Argos brand has been assigned to the three geographical operating segments: Colombia, Caribbean and Central America, and the United States, for contributing to the generation of future economic benefits of all operating segments. Management determined that the Argos Brand, purchased and paid in cash from Grupo Argos S. A. in December, 2005 for $115,389, is an intangible asset with an indefinite useful life given that Cementos Argos S. A. due to the legal rights acquired at the time of the purchase from Grupo Argos S. A., and has the capacity to control the future brand economic benefits and expects it to generate economic benefits indefinitely.

Considering that the Argos Brand intangible is an intangible with an indefinite useful life and contributes to the generation of future economic benefits of the operating segments, and that the allocation of its carrying value is not significant to each individual segment.

The Argos brand does not present an event or circumstance that constitutes an impairment indicator; however, because it is an intangible asset with an indefinite useful life, an impairment test was carried out to verify its value, allowing to conclude that by 2022, the brand does not present decreases for impairment value. The recoverable amount was determined using the value in use; the cash flows projection was carried out at a consolidated level for a period of 10 years, considering the expected business conditions for each Regional.

The discount rate applied to cash flow projections was a pre-tax WACC of 11.22%. It was calculated using the CAPM methodology, including risk-free rate, average country risk considering the geographies where Argos has a presence, stock market premium, beta sector, implicit devaluations, average tax rate, D/E ratio, debt cost from Cementos Argos S.A., and perpetual growth rate: 2.5%.

For the 2021 closing period, Cementos Argos S.A. subsidiary carried the impairment analysis at the level of individual assets, where it was confirmed from the technical area that the line (mostly “raw grinding”) from Sabanagrande will not generate future economic benefits and therefore, it is required to recognize impairment for a value of $18,122 in the consolidated financial statements, in the line of non-current assets impairment, in the segment of Colombia. This loss was fully allocated to the property, plant and equipment line.

By the end of 2022, the Argos USA LLC subsidiary generated an asset impairment at the individual level corresponding to a mixer drum component for US$170,080 ($724).

# NOTE 18: ASSETS HELD FOR SALE

The Group holds assets that are expected to be realized through a sale transaction rather than held for continued use and for which a sale plan has been initiated, these assets have been classified as held for sale in accordance with IFRS 5. Assets are available for immediate sale and their sale is highly probable.

As of 31 December 2022, and 2021, the Group has no discontinued operations classified as non-current assets held for sale or disposed of during the period. For these periods, the balance of non-current assets held for sale is:

| | 2022 | 2021 |
|---|---|---|
| Investment properties and other real estate (1) | 40,890 | 42,491 |
| Property, plant and equipment | 54 | 16 |
| **Total assets held for sale** | **40,944** | **42,507** |

(1) As of December 31, 2022 and 2021, includes real estate for non-operating use that is expected to be realized through a sale transaction. In December 2022, assets worth $1,600 million are classified as investment properties, due to the fact that the sale was not materialized in the expected time. In 2020, the sale plan for the land called "La Gabriela" is authorized for $39,866.

# NOTE 19: FINANCIAL OBLIGATIONS

| | 2022 | 2021 |
|---|---|---|
| Bank overdrafts | 4,734 | 3,199 |
| Foreign and domestic currency promissory notes | 4,252,946 | 3,076,342 |
| Other obligations (1) | 59,597 | 12,895 |
| | **4,317,277** | **3,092,436** |
| Current | 1,197,958 | 1,476,758 |
| Non-current | 3,119,319 | 1,615,678 |
| | **4,317,277** | **3,092,436** |

(1) It mainly includes availability in a credit line of the Argos Honduras S.A. de C.V. subsidiary with Atlántida Bank and Ficohsa Bank for taxes payment at a term of 25 days without interest. Additionally, it includes REPO operations with Suramericana shares for $34,008.

## 19.1. Loan agreements summary

Financial obligations in foreign currency and local currency comprise short-and long-term loans taken by the Group companies. Refer to Table 26.7 in Note 26 for information about average interest rates on financial liabilities. The Group's credits are rounded to the nearest million units when they are expressed in Colombian pesos, and to the nearest thousand units when they are expressed in dollars or euros.

| | | | | | Nominal value | | | Book value | |
|---|---|---|---|---|---|---|---|---|---|
| Bank | Entity | Concept | Expiration | Currency | 2022 | 2021 | Currency | 2022 | 2021 |
| Foreign | Others (1) | SMBC Club Deal | 2026 | USD | 204,000 | 150,000 | COP | 982,164 | 587,824 |
| Foreign | Others (1) | SMBC Club Deal | 2027 | USD | 204,000 | 150,000 | COP | 982,227 | 605,068 |
| Foreign | Davivienda Intern. | Working capital | 2029 | USD | 80,000 | 80,000 | COP | 391,825 | 320,817 |
| Foreign | Santander | Working capital | 2025 | USD | 15,000 | 35,000 | COP | 72,670 | 137,489 |
| Foreign | Santander | Working capital | 2026 | USD | 15,000 | 35,000 | COP | 72,670 | 137,399 |
| National | BBVA(2) | Working capital | 2023 | COP | 190,000 | 160,000 | COP | 191,362 | 160,961 |
| Foreign | Banco Popular | Working capital | 2026 | USD | 5,850 | 7,800 | COP | 28,094 | 31,273 |
| National | Bancolombia(3) | Working capital | 2024 | COP | 135,000 | 135,000 | COP | 137,981 | 136,042 |
| Foreign | Banitsmo | Working capital | 2023 | USD | 20,000 | 30,000 | COP | 96,554 | 119,684 |
| National | Banco Popular | Working capital | 2023 | COP | 100,000 | - | COP | 101,464 | - |
| National | Bancolombia | Working capital | 2023 | COP | 50,000 | - | COP | 50,357 | - |
| Foreign | Bancolombia | Working capital | 2023 | USD | 5,000 | - | COP | 24,400 | - |
| National | Banco de Bogotá | Working capital | 2024 | COP | 25,500 | - | COP | 25,610 | - |
| National | Banco de Bogotá | Working capital | 2025 | COP | 272,000 | - | COP | 274,469 | - |
| National | Banco de Occidente | Working capital | 2023 | COP | 50,000 | - | COP | 51,117 | - |

| Bank | Entity | Concept | Expiration | Currency | Nominal value 2022 | Nominal value 2021 | Currency | Book value 2022 | Book value 2021 |
|---|---|---|---|---|---|---|---|---|---|
| Foreign | Scotiabank | Working capital | 2023 | USD | 20,000 | - | COP | 96,893 | - |
| National | Scotiabank | Working capital | 2023 | COP | 12,500 | - | COP | 12,679 | - |
| Foreign | Sumitomo | Working capital | 2023 | USD | 10,000 | - | COP | 48,365 | - |
| National | Davivienda | Working capital | 2023 | COP | 50,000 | - | COP | 50,975 | - |
| National | Itau | Working capital | 2023 | COP | 60,000 | - | COP | 60,615 | - |
| Foreign | BCP | Working capital | 2023 | USD | 60,000 | - | COP | 293,891 | - |
| Foreign | JP Morgan | Working capital | 2023 | USD | 2,538 | - | COP | 12,206 | - |
| Foreign | NATIXIS | Working capital | 2023 | USD | 40,000 | - | COP | 194,358 | - |
| National | Banco de Bogotá NY | Working capital | 2022 | USD | - | 10,000 | COP | - | 39,843 |
| Foreign | Scotiabank | Working capital | 2022 | USD | - | 32,000 | COP | - | 127,449 |
| Foreign | Volvo | Working capital | 2022 | USD | - | 2,339 | COP | - | 9,313 |
| Foreign | Sumitomo | Working capital | 2022 | USD | - | 16,000 | COP | - | 63,757 |
| National | Banco de Bogotá | Working capital | 2022 | USD | - | 60,000 | COP | - | 239,009 |
| National | Itau | Working capital | 2022 | COP | - | 90,000 | COP | - | 90,314 |
| National | Bancolombia | Working capital | 2022 | COP | - | 110,000 | COP | - | 110,311 |
| National | Davivienda | Working capital | 2022 | COP | - | 40,000 | COP | - | 40,143 |
| | | | | | | | | **4,252,946** | **3,076,342** |

(1) In 2022, the credit of Argos North America was replaced with Cementos Argos S.A. and Argos USA LLC guaranteed debtors, where a syndicated group of banks participated, whose administrative agent was Sumitomo Mitsui Banking Corporation for a new credit club deal for up to USD 750 Million managed by The Bank of Nova Scotia, where BNP Paribas Securities Corp., New York Branch, Sumitomo Mitsui Banking Corporation, and JP Morgan participates. Up to date, USD 408 million have been disbursed. This contract has the following financial commitments:

a. Net debt/EBITDA indicator less than 4 times throughout the loan life with measurements at the end of each quarter.
b. Ebitda indicator/Financial expenses greater than 2.5 times throughout the loan life with measurements at the end of each quarter.

(2) Long-term financing agreement between BBVA and Cementos Argos for 160,000 million pesos, which includes an adjustment mechanism through which the interest rate is directly linked to the general company performance in ESG (Environmental, Social and Governance) matters. In December 2022, an agreement was reached with BBVA to extend the term to 3 years of two loans whose original maturity was in September and November 2023.

(3) Financing agreement between Bancolombia and Concretos Argos S. A for 135,000 million pesos, in which the interest rate is linked to the performance of three ESG indicators: net specific $CO_2$ emissions (scope 1), specific water consumption in the cement business and number of suppliers evaluated in sustainability in the last three years.

Guarantees provided for the applicable credits are disclosed in note 26.8 Collateral.

## 19.2. Maturity of financial obligations

| Maturity | Financial obligations in national currency | Financial obligations in foreign currency | Bank overdrafts and other financial obligations | Total |
|---|---|---|---|---|
| Year or less | 334,129 | 799,498 | 64,331 | 1,197,958 |
| 1 to 5 years | 622,500 | 2,112,003 | - | 2,734,503 |
| 5 years and up | - | 384,816 | - | 384,816 |
| **Total** | **956,629** | **3,296,317** | **64,331** | **4,317,277** |

## 19.3. Loan agreement breach

During the reporting periods, the Company did not present defaults on capital or interest on financial liabilities and/or loans payable, nor on the indicators of its loan agreements.

# NOTE 20: RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

## 20.1. Leases as lessee

### 20.1.1. LEASE AGREEMENTS

In the ordinary course of business, the Group subscribes contracts for the lease of land, buildings, yellow machinery, vehicles, including concrete mixer trucks and equipment, which are accounted for as assets for a lease's right-of-use in the consolidated financial statements, except for those leases whose lease term is less than twelve months or the new contract underlying asset is less than US$3,000 for administrative assets and US$5,000 for operating assets.

On the other hand, there are no significant lease agreements that provide significant restrictions related with the dividend's distribution, additional debt and new leases contracts, nor are there significant contingent fees, renewal options or escalator clauses.

As of December 31, 2021 and 2022, most of the real estate lease contracts recognized are linked to the consumer price index of each jurisdiction in which they were subscribed. Few lease contracts are referenced at reference rates or payments that vary to reflect changes in market rental prices.

### 20.1.2. RIGHT-OF-USE ASSETS AND LIABILITIES IN LEASE

Balance of right-of-use assets and liabilities in lease includes:

| 2022 | Right-of-use assets in lease | | | | | | Lease liability closing balance |
|---|---|---|---|---|---|---|---|
| | Opening balance | Additions | Depreciation | Transfers | Other changes [1] | Closing Balance | |
| Land | 148,348 | - | (18,503) | - | (4,615) | 125,230 | 224,221 |
| Buildings and constructions | 124,707 | 4,024 | (23,681) | (3,963) | (5,490) | 95,597 | 88,776 |
| Machinery and production equipment | 139,934 | 18,376 | (32,546) | - | 31,019 | 156,783 | 165,959 |
| Office and communication equipment | 26 | - | (28) | - | 2 | - | - |
| Mines, quarries, and mineral deposits | 130,323 | 29,255 | (52,367) | - | 35,207 | 142,418 | 147,741 |
| Overland transport equipment | 52,449 | 37,274 | (24,854) | - | (4,051) | 60,818 | 64,184 |
| **River transport fleet** | **595,787** | **88,929** | **(151,979)** | **(3,963)** | **52,072** | **580,846** | **690,879** |

[1] Includes the variation due to changes in the valuation of leases recorded in the asset for ($21,500), asset withdrawals for right of use and the effect of foreign currency exchange differences.

| 2021 | Right-of-use assets in lease | | | | | | Lease liability closing balance |
|---|---|---|---|---|---|---|---|
| | Opening balance | Additions | Depreciation | Transfers | Other changes [1] | Closing Balance | |
| Land | 56,386 | 90,523 | (13,734) | (1,236) | 16,409 | 148,348 | 232,007 |
| Buildings and constructions | 165,542 | 23,734 | (21,106) | (14,680) | (28,783) | 124,707 | 105,337 |
| Machinery and production equipment | 229,483 | 12,785 | (35,285) | (56,565) | (10,484) | 139,934 | 146,452 |
| Office and communication equipment | 35 | 70 | (40) | - | (39) | 26 | 27 |
| Mines, quarries, and mineral deposits | 1,166 | 3 | (168) | - | (1,001) | - | - |
| Overland transport equipment | 203,161 | 21,421 | (58,448) | - | (35,811) | 130,323 | 136,994 |
| River transport fleet | 46,031 | 8,507 | (9,392) | - | 7,303 | 52,449 | 54,714 |
| **Lease assets and liabilities, net** | **701,804** | **157,043** | **(138,173)** | **(72,481)** | **(52,406)** | **595,787** | **675,531** |

[1] Includes the variation due to changes in the valuation of leases recorded in the asset for $15,708, asset withdrawals for right of use and the effect of foreign currency exchange differences.

The contractual cash flows of lease liabilities classified by maturity as of December 31 are:

| | 2022 | 2021 |
|---|---|---|
| One year or less | 168,677 | 141,657 |
| Between 1 and 3 years | 247,666 | 207,634 |
| Between 3 and 5 years | 155,324 | 146,829 |
| Between 5 and 10 years | 193,679 | 193,918 |
| More than 10 years | 137,119 | 195,438 |
| **Total contractual cash flows from lease liabilities** | **902,465** | **885,476** |
| Discount effect of lease liabilities | (211,586) | (209,945) |
| **Total lease liabilities** | **690,879** | **675,531** |
| Current | 126,980 | 118,945 |
| Non-current | 563,899 | 556,586 |
| **Total lease liabilities** | **690,879** | **675,531** |

### 20.1.3. ITEMS RECOGNIZED IN THE INCOME STATEMENT AND CASH FLOWS FROM LEASES

| | 2022 | 2021 |
|---|---|---|
| Interest expense from lease liabilities | 37,022 | 34,061 |
| Expenses related to short-term leases and variable leases | 42,961 | 50,611 |
| Expenses related to leases of low value assets | 1,702 | 1,698 |
| Lease cash flows | 180,714 | 215,537 |

### 20.1.4. RENEWAL OPTIONS

Most of the Group's leases contain renewal options that the Group can exercise to extend the lease term from one year to 20 years, and that can be exercised up to one year before the end of the non-cancellable contract period. Generally, the Group exercises these renewal options for the financial and operational facilities they provide. The renewal options are only exercisable by the Group and not by the lessor. The Group evaluates on the lease start date if it is reasonably safe to exercise the renewal options and considers them in the lease term determination. The Group reassesses whether it is reasonably safe to exercise the options if there is an event or significant changes in the circumstances under its control.

## 20.2. Leases as lessors

### 20.2.1. FINANCIAL LEASES

The company has no financial lease agreements in which it acts as a lessor.

### 20.2.2. OPERATING LEASES

The Group signs lease contracts as lessors of commercial premises, warehouses, apartments and houses, as well as leasing of machinery and operating equipment, fleet and transport equipment. All leases are classified as operating leases from the lessor perspective. The minimum future lease rights of non-cancellable operating leases for ranges of years and in total, consisted of the following:

| | 2022 | 2021 |
|---|---|---|
| 1 year or less | 1,001 | 957 |
| Between 1 and 2 years | 715 | 645 |
| Between 2 and 3 years | 715 | 645 |
| Between 3 and 4 years | 715 | 645 |
| Between 4 and 5 years | 715 | 645 |
| 5 years or more | 54 | 645 |
| **Non-cancellable operating lease rights** | **3,915** | **4,182** |

The lease income recognized by the Group during 2022 was $7,052 (2021: $7,462).

# NOTE 21: TRADE LIABILITIES AND OTHER ACCOUNTS PAYABLE

| | 2022 | 2021 |
|---|---|---|
| National suppliers | 905,668 | 644,539 |
| Costs and expenses payable | 178,348 | 167,411 |
| Dividends payable | 135,000 | 37,543 |
| Foreign suppliers | 121,067 | 84,805 |
| Current commercial accounts | 16,859 | 12,121 |
| Accounts payable to contractors | 955 | 2,554 |
| Miscellaneous creditors | 1,459 | 1,562 |
| Other accounts payable | 24,145 | 33,196 |
| | **1,383,501** | **983,731** |
| Current | 1,383,501 | 983,726 |
| Non-current | - | 5 |
| | **1,383,501** | **983,731** |

The average credit period for the Group's purchases ranges between 8 and 60 days. No interest is paid to suppliers for 60-day payments.

# NOTE 22: EMPLOYEE BENEFITS

| | 2022 | 2021 |
|---|---|---|
| Post-employment employee benefits - Defined benefit plans | 229,745 | 261,290 |
| Post-employment employee benefits-defined contribution plans | 17,694 | 16,641 |
| Short-term employee benefits | 114,918 | 125,866 |
| Employee benefits for termination | 873 | 7,639 |
| Share-based payments | 2,041 | 3,928 |
| Long-term employee benefits | 3 | 2,720 |
| | **365,274** | **418,084** |
| Current | 173,361 | 180,102 |
| Non-current | 191,913 | 237,982 |
| | **365,274** | **418,084** |

## 22.1. Post-employment benefit plans-defined benefit plans

The Group's employee benefit plans vary according to the local requirements of the countries and the obligations acquired by the subsidiaries in the labor agreements in force. Pension liabilities, pension bonds and titles, retirement premiums, and other post-employment benefits are accounted for in accordance with the IAS 19 requirements.

The actuarial valuation of plan's assets and the current value of the defined benefit obligation are calculated annually by independent actuarial consultants. The current value of the defined benefit obligations and the related current and past service costs were calculated using the projected unit credit method.

On December 22, 2016, the Ministry of Commerce, Industry and Tourism issued Decree 2131, whereby it is required to disclose the pension liabilities calculation in accordance with the parameters established in Decree 1625/2016 and, in the case of partial pension commutation, in accordance with Decree 1833/2016, as well as the differences arising from the calculation carried out in accordance with IAS 19 – Employee Benefits.

The amount included in the consolidated statement of financial position arising from the entity's obligation to defined benefit plans, the movement in the current value of the defined benefit obligation in the current year and changes in the fair value of plan assets in the current period is presented below:

| 2022 | Pension plan | Pension securities and bonds | Seniority bonus and similar | Retirement bonus | Other defined benefit plans | Total Benefit plans |
|---|---|---|---|---|---|---|
| **Current obligations value as of January 1, 2022** | **194,367** | **27,337** | **11,395** | **13,472** | **43,699** | **290,270** |
| Current service cost | - | - | 786 | 794 | 3,060 | 4,640 |
| Interest cost for the defined benefits obligation | 15,131 | 1,864 | 460 | 1,025 | 2,437 | 20,917 |
| Past service cost | - | 2,942 | - | - | 1,744 | 4,686 |
| Actuarial (Gain)/loss for changes in: | | | | | | |
| Experience | 2,342 | 5,721 | 2,167 | (251) | 3,922 | 13,901 |
| Demographic assumptions | (37) | - | 23 | 179 | (4,535) | (4,370) |
| Financial assumptions | (34,165) | (2,695) | (1,783) | (3,039) | (10,460) | (52,142) |
| Effect of foreign exchange differences | 2,101 | - | 1,780 | 166 | 9,371 | 13,418 |
| Benefits directly paid by the Company | (19,746) | (6,869) | (556) | (174) | (8,071) | (35,416) |
| Profits paid from the asset fund | - | - | (2,893) | - | - | (2,893) |
| Other changes | - | - | - | - | 5,152 | 5,152 |
| **Current obligations value as of December 31, 2022** | **159,993** | **28,300** | **11,379** | **12,172** | **46,319** | **258,163** |
| | | | | | | |
| **Current plan assets value as of January 1, 2021** | **10,004** | **-** | **8,966** | **10,010** | **-** | **28,980** |
| "Risk-free" Interest Income | 305 | - | 338 | 849 | - | 1,492 |
| Return on plan assets, excluding interest | (3,897) | - | 2,119 | (1,150) | - | (2,928) |
| Contributions made by the company | - | - | 890 | 482 | - | 1,372 |
| Payments made by the plan | - | - | (2,893) | (1,470) | - | (4,363) |
| Effect of foreign exchange differences | 2,108 | - | 1,659 | - | - | 3,767 |
| Other changes | 98 | - | - | - | - | 98 |
| **Current plan assets value as of December 31, 2022** | **8,618** | **-** | **11,079** | **8,721** | **-** | **28,418** |
| **Current obligation value as of December 31, 2022** | **151,375** | **28,300** | **300** | **3,451** | **46,319** | **229,745** |

| 2021 | Pension plan | Pension securities and bonds | Seniority bonus and similar | Retirement bonus | Other defined benefit plans | Total Benefit plans |
|---|---|---|---|---|---|---|
| **Current obligations value as of January 1, 2021** | **241,391** | **31,598** | **7,335** | **12,986** | **41,259** | **334,569** |
| Current service cost | - | - | 949 | 812 | 2,307 | 4,068 |
| Interest cost for the defined benefits obligation | 14,290 | 1,425 | 357 | 807 | 2,695 | 19,574 |
| Actuarial (Gain)/loss for changes in: | | | | | | |
| Experience | (7,702) | 392 | 214 | 179 | 7,887 | 970 |
| Demographic assumptions | 15 | - | 46 | - | (2,923) | (2,862) |
| Financial assumptions | (35,603) | (2,252) | (973) | (1,217) | (1,798) | (41,843) |
| Effect of foreign exchange differences | 1,442 | - | 3,853 | 141 | 5,718 | 11,154 |
| Benefits directly paid by the company | (19,466) | (3,826) | (386) | (131) | (5,829) | (29,638) |
| Other changes | - | - | - | (105) | (5,617) | (5,722) |
| **Current obligations value as of December 31, 2021** | **194,367** | **27,337** | **11,395** | **13,472** | **43,699** | **290,270** |
| | | | | | | |
| **Current plan assets value as of January 1, 2021** | **7,112** | **-** | **7,568** | **5,844** | **-** | **20,524** |
| "Risk-free" Interest Income | 206 | - | 178 | 309 | - | 693 |
| Return on plan assets, excluding interest | (1,392) | - | (860) | - | - | (2,252) |
| Contributions made by the company | 749 | - | 1,039 | 3,453 | - | 5,241 |
| Payments made by the plan | - | - | - | - | - | - |
| Effect of foreign exchange differences | 3,329 | - | 1,283 | - | - | 4,612 |
| Other changes | - | - | (242) | 404 | - | 162 |
| **Current plan assets value as of December 31, 2021** | **10,004** | **-** | **8,966** | **10,010** | **-** | **28,980** |
| **Current obligation value as of December 31, 2021** | **184,363** | **27,337** | **2,429** | **3,462** | **43,699** | **261,290** |

The plan assets fair value is composed as follows:

| | 2022 | 2021 |
|---|---|---|
| Cash and cash equivalents | 5,318 | 4,751 |
| Investment funds | 23,100 | 24,229 |
| **Fair value of the plan assets** | **28,418** | **28,980** |

### 22.1.1. LIABILITIES COMPARISON FOR DEFINED BENEFIT PENSION PLANS, SECURITIES AND PENSION BONDS

On December 22, 2016, the Ministry of Commerce, Industry and Tourism issued Decree 2131, whereby it is required to disclose the pension liabilities calculation, following the parameters established in Decree 1625/2016 and, in the case of partial pension commutation, under Decree 1833/2016, as well as the differences arising from the calculation carried out under IAS 19 – Employee Benefits. The following is the comparison between the benefits plans liabilities established for pension plans, securities and bonds, calculated in accordance with Decree 1625 of 2016 and, in the case of partial pension swaps, in accordance with Decree 1833 of 2016 and with the calculation pursuant to IAS 19 - Employee Benefits, as of December 31, 2022 and 2021:

| | Calculation made in accordance with IAS 19 - Employee Benefits | Calculation made in accordance with Decree 1625 of 2016 | Comparison between the liability calculated in accordance with IAS 19 and Decree 1625 |
|---|---|---|---|
| **Current obligations value as of:** | | | |
| December 31, 2022 | 180,072 | 212,645 | (32,573) |
| December 31, 2021 | 211,602 | 211,746 | (144) |

The main actuarial assumptions used to determine obligations for the defined benefits plans are the following:

| | 2022 | 2021 |
|---|---|---|
| **Colombia** | | |
| Inflation rate (%) | 3.0% | 3.5% |
| Discount rate (%) | 12.86% | 8.2% |
| Salary increase (%) | 5.13% | 4.2% |
| Minimum wage increase (%) | 5.0% | 5.2% |
| Mortality table | 2008 Valid rentiers | 2008 Valid rentiers |
| Turnover table | 50% SOA Pension turnover | 50% SOA Pension turnover |
| | | |
| **Panama** | | |
| Inflation rate (%) | 2.0% | 2.0% |
| Discount rate (%) | 5.2% | 2.4% |
| Salary increase (%) | 5.5% | 4.5% |
| Mortality table | Urban Panama population with 30% adjustment | Urban Panama population with 30% adjustment |
| Turnover table | 2003 SOA Pension Plan Turnover Study with an adjustment factor of 150% | 2003 SOA Pension Plan Turnover Study with an adjustment factor of 150% |
| | | |
| **Honduras** | | |
| Inflation rate (%) | 4.0% | 4.0% |
| Discount rate (%) | 9.25% | 6.5% |
| Salary increase (%) | 5.5% | 5.5% |
| Minimum wage increase (%) | 5.5% | 5.0% |
| Mortality table | 2008 Valid Renters adjusted to 110% | 2008 Valid Renters adjusted to 110% |
| Turnover table | 2003 SOA Pension Plan Turnover Study with an adjustment factor of 75% | 2003 SOA Pension Plan Turnover Study with an adjustment factor of 75% |

The total expense recognized in the statement of income for the period represents contributions for defined benefits and is $76,665 (2021: $67,823). The Group expects to make contributions for the next annual period for $73,181 (2021: $66,118).

## 22.2. Pension plans, securities and pension bonds

### PENSION PLAN AND SOCIAL SECURITY CONTRIBUTIONS – COLOMBIA

According to the Colombian Labor Code, the pension benefits granted to employees under the new social security regime (Law 100 of 1993) are accounted for as defined contribution plans, the Company covers its obligation to pensions through the payment of contributions to the Social Security Institute (ISS, by its Spanish acronym), and/or to the private pension funds under the terms and conditions contemplated by such law.

The pension benefits granted to employees not covered under the new social security regime (Law 100 of 1993), which essentially correspond to senior staff, are accounted as unfunded defined benefit plans. The company must pay retirement pensions or issue pension bonds to their employees or beneficiaries who meet certain requirements regarding age and length of service.

The benefit gives employees the right to a lifetime monthly retirement pension or an old age pension, equivalent to seventy-five percent (75%) of the average wages earned in the last year of service, subject to a minimum payment of a monthly minimum wage and a maximum wage equal to 25 monthly minimum wages. In addition, two additional payments are made, one in June and one in December.

When the participant expects to receive benefits from the Social Security Institute (ISS), these benefits are deducted from the benefits payable by the Company's and therefore, reduce the Company's obligation. Pension payments increase according to inflation. When a participant receives a pension equal to the minimum wage, the pension increases in accordance with the minimum wage increases.

On the other hand, the death benefit takes place in the event of death after retirement, in which the beneficiary receives 100% of the pension for a period that will depend on each beneficiary. Payments for social security pensions to Pension Administration Funds are the responsibility of the Company as the employer.

For workers who have retired from the company with a conventional or anticipated pension, which in any case is shared, the company continues to make contributions to the pension system until such time the pensioner meets the old-age requirements stated by the ISS (Colpensiones). Thus, the company is in charge of 100% of pension contributions until those requirements are met. The contribution is calculated based on the pension value. Additionally, in terms of health, Cementos Argos S. A. A. partially assumes a percentage of the pensioner's contribution.

Additionally, the defined benefit obligation for retirement pensions includes employees of Compañia Industrial Hullera S. A., in liquidation, as a result of the normalization process of pension liabilities in which Cementos Argos S.A. assumed in a definitive manner the obligation proportion that corresponds to it, according to the Official Communication set forth in October 9, 2012, issued by the Ministry of Labor.

**PENSION PLAN FOR ROBERTA PLANT, ALABAMA, UNITED STATES**

A 401(k) retirement savings plan recognized as a defined contribution plan is funded for all employees in the United States.

For a group of employees compensated under the hourly modality in the Roberta plant, located in Alabama, United States, who meet a specific binding date and are represented by the United Steelworkers International Union # 9-537, there is a retirement plan attached to the collective labor convention.

The normal retirement benefit is applicable to those who have turned 65 on the retirement date, effective in May 21, 2011, in the form of a monthly annuity to pay for life (or other optional forms to be chosen prior to retirement). The benefit normal and special early retirement is applicable to employees who have an age equal to or above 55 years old and less than 65 years old, and evidence at least 5 years of service but less than 30 years of service or credited to 30 years or more of continuous service regardless of age, applying for these last few restrictions and reductions in the pension value.

In addition, the following benefits are granted to plan employees: termination payments, disability benefit, and death benefit whenever certain years of service are completed.

**BENEFIT FOR PENSION GAP AT RETIREMENT**

The benefit of this provision consists in the granting of a single premium at the time of disengagement with the entity to enjoy the old age pension, the value of which corresponds to the money needed to close the executive's pension gap.

## 22.3. Retirement bonus

For employees covered by any of the collective bargaining agreements, when the contract of a worker for the recognition of retirement, disability, or old age pension is terminated; a bonus equivalent to 8 current legal minimum wages is granted.

## 22.4. Bonds and pension plans-Colombia

According to the Colombian Labor Code, employers must pay retirement pensions or issue pension bonds to their employees who meet certain requirements regarding age and length of service. The Group has issued pension bonds, Type A Pension Bond Modality 2 and Type A Pension Bond Modality 1. This obligation applies to some areas where the ISS did not have pension coverage prior to 1994.

The benefit is conferred at the withdrawal time from the company until the time the participant retires in the Colombian Social Security system. During this period, the company makes contributions to the social security system on behalf of the employee. Pension bonds and titles constitute resources destined to contribute to the formation of the necessary capital to finance pensions of the Colombian General Pension System affiliates.

## 22.5. Other defined benefit plans

**DENTAL AID, EDUCATION, DEATH, AND OTHER PLANS - COLOMBIA**

Retired employees in Colombia receive a death benefit that increases according to the Consumer Price Index (CPI), equivalent to 5 five legal minimum wages (SMLV, for its Spanish acronym). For the Valle plant retired employees in Colombia, education assistance is granted until their death and also to the children of retirees, until they reach the age of 25 years old. The beneficiary receives the amount regardless of the worker's survival.

Every year, the benefit increases according to the Consumer Price Index (CPI), as does as the dental benefit until the death of the employee as long as the service is formally requested, with annual increases according to Consumer Price Index (CPI).

**RETROACTIVE LAYOFF PLAN - COLOMBIA**

According to Colombian labor regulations, employees linked before the entry into force of Law 50 of 1990, have the right to receive, at the end of the employment contract, one month of current salary for each year of service and proportionally by fraction year as a layoff pay, for any reason that ends employment, including: retirement, disability, death, etc. The benefit is settled at the time of the employee's retirement, based on the last salary earned. Distributions may exist before the retirement date at the request of the worker, which are not compulsorily distributable.

Retroactive redundancies of workers who entered into employment contracts before the entry into force of Act 50 of 1990 are counted as unfunded defined benefit plans. With the entry into force of Law 50 of 1990, the Colombian Government allowed companies, subject to the approval of their employees, to transfer their layoff assistance obligation to private pension funds. Layoffs of all workers who entered into employment contracts after the entry into force of Act 50 of 1990 and former workers who took advantage of this system are counted as a defined contribution scheme.

**SENIORITY PREMIUM PLAN AND LAYOFF FUND - PANAMA**

In accordance with the Republic of Panama labor regulations, any indefinite-term employee who leaves the company for any reason and regardless of their age or years of service on the retirement date is recognized an amount of money equivalent to the average weekly salary in the last five years of service, or of the entire period of service if it is less than five years for each year and fraction of a year of service that the employee has at retirement.

On the other hand, as of 1995, Law 44 of 1995 introduced the obligation of the employer to establish a trust through a Pension Fund Administrator, that guarantees the employee payment to the obligation for Seniority Premium and compensation for unjustified dismissal called Layoff Fund, which is considered, for the purposes of assessing the commitment, as the asset that supports the Seniority Premium payment.

**LAYOFF AID PLAN-HONDURAS**

In accordance with the provisions of the Honduran Labor Code, the compensation that accumulates in favor of the Company's employees may be paid in the event of unjustified dismissal or death, at the rate of one month's salary for each uninterrupted year of services rendered with a maximum of 25 years; however, the company's policy is to pay its employees said benefit, even if they have submitted the respective resignation.

For unionized staff, the payment is 100% of the benefits (layoff and notice). For the voluntary retirement of trusted personnel, up to 40% of the benefits after one year are recognized, and up to 110% of the benefits after five years of service. The amount is determined based on the employee's years of service established by the benefit percentage.

In 2022, the company Argos Honduras established as a policy to provide the employee with an alternative payment of social benefits in terms of what corresponds to layoffs, in case both parties so wish voluntarily, establishing an agreement between the collaborators and Argos Honduras, for the subsequent advance payment in cash.

As of December 31, 2022, and 2021, the Group has no reimbursement rights related to defined benefit plan obligations. The average duration in years of the defined benefit obligation is as follows:

| | Pension plan | Pension securities and bonds | Seniority bonus and similar | Retirement bonus | Other defined benefit plans | Total average duration |
|---|---|---|---|---|---|---|
| Average duration 2022 | 6.2 | 2.8 | 8.9 | 6.2 | 6.3 | 7.6 |
| Average duration 2021 | 9.3 | 3.9 | 9.7 | 8.8 | 9.8 | 8.8 |

| | 2022 | | 2021 | |
|---|---|---|---|---|
| | Decreases | Increases | Decreases | Increases |
| Higher (lower) discount rate, 100 basis points | 497,590 | 471,924 | 288,121 | 250,982 |
| Expected salary growth increases (decreases) by 1% | 299,993 | 290,365 | 265,585 | 270,359 |
| Life expectancy increases (decreases) by one year | 448,938 | 441,127 | 274,279 | 262,637 |

The significant actuarial assumptions for the determination of the defined obligation are discount rate, expected salary increases and mortality. The sensitivity analyses below have been determined on the basis of possible reasonable changes in the corresponding presumptions that occur at the end of the reporting period while maintaining all other presumptions constant.

The reported value in the table above is the value of the defined benefit plan liability given the isolated change in the significant estimate defined by Management. However, the sensitivity analysis presented above may not be representative of real change in the defined benefit obligation, since assumptions are not likely to change in isolation from one another, given that some of the assumptions may be correlated.

Additionally, in the above sensitivity analysis, the current value of the defined benefit obligation was calculated using the projected unit credit method at the end of the reporting period, which is the same that was applied when calculating the liability of the defined benefit obligation recognized in the statement of financial position.

# NOTE 23: PROVISIONS

| | Litigation, lawsuits and other contingencies (i) | Dismantling (ii) | Environmental (iii) | Other provisions (iv) | Total |
|---|---|---|---|---|---|
| **Book value as of January 1, 2022** | **66,769** | **111,405** | **16,505** | **102,743** | **297,422** |
| Realized provisions | 132,369 | 5,735 | 1,656 | 58,797 | 198,557 |
| Use of provisions | (130,579) | (3,368) | (1,855) | (53,295) | (189,097) |
| Realized reversals | (140) | (3,239) | (600) | - | (3,979) |
| Discount rate adjustment | (1,219) | (45,398) | 1,150 | - | (45,467) |
| Conversion effect | 11,665 | 9,247 | 1,461 | 22,175 | 44,548 |
| Other changes | (443) | (3,171) | - | 529 | (3,085) |
| **Book value as of December 31, 2022** | **78,422** | **71,211** | **18,317** | **130,949** | **298,899** |
| Current | 78,260 | 7,844 | 6,180 | 16,895 | 109,179 |
| Non-current | 162 | 63,367 | 12.137 | 114,054 | 189,720 |
| **Book value as of December 31, 2022** | **78,422** | **71,211** | **18,317** | **130,949** | **298,899** |

| | Litigation, lawsuits and other contingencies (i) | Dismantling (ii) | Environmental (iii) | Other provisions (iv) | Total |
|---|---|---|---|---|---|
| **Book value as of January 1, 2021** | **128,112** | **111,571** | **15,566** | **80,092** | **335,341** |
| Realized provisions | 109,128 | 3,717 | 1,319 | 51,808 | 165,972 |
| Use of provisions | (183,411) | (2,841) | (569) | (42,587) | (229,408) |
| Realized reversals | (159) | (4,504) | (191) | - | (4,854) |
| Discount rate adjustment | (975) | (5,633) | (584) | - | (7,192) |
| Conversion effect | 14,166 | 9,485 | 964 | 13,378 | 37,993 |
| Other changes | (92) | (390) | - | 52 | (430) |
| **Book value as of December 31, 2021** | **66,769** | **111,405** | **16,505** | **102,743** | **297,422** |
| Current | 66,769 | 9,887 | 3,162 | 15,842 | 95,660 |
| Non-current | - | 101,518 | 13,343 | 86,901 | 201,762 |
| **Book value as of December 31, 2021** | **66,769** | **111,405** | **16,505** | **102,743** | **297,422** |

(i) The Group is a party to judicial proceedings of different natures, both as plaintiff and defendant, which are being addressed diligently by qualified attorneys hired by the Company. Conflicts are of labor, civil, administrative, criminal and tax character. These types of litigations arises in the ordinary course of business of any company the size of Argos, and the Company expects a probable outflow of resources.

The appropriate reserves have been estimated for these processes based on criteria, such as the nature of the process, the evidence contained, economic factors, the possible sentence projected, etc., which will cover the possible unfavorable sentences or decisions that may occur. We believe that the estimated time of resolution for these processes ranges between three (3) and eight (8) years, approximately.

Subsidiaries located in the United States self-insure for workers' compensation claims up to $500 per occurrence, general liability claims up to $350 per occurrence, and automobile claims up to $500 per occurrence, and are insured for values over these amounts. As of December 31, 2022, a number of claims were open. The recognized cost value for these claims is based on actual occurrences and management's estimate of the liabilities resulting from each claim. Although the final outcome of these claims cannot be currently determined, the administration believes that the amounts of $67,999 and $55,059 foreseen for these claims in the consolidated financial statements as of December 31, 2022 and 2021, respectively, are adequate.

In July 2017, two of the Company's Competitors (Southest Ready Mix, LLC and Mayson Concrete Inc) filed a lawsuit against it, alleging violations of competition law, in the U.S. District Court for the North Georgia District, which began to be investigated by the U.S. Department of Justice (DOJ). As part of the investigations carried out by the DOJ, Argos USA LLC has been cooperating with the provision of information required by this entity and meeting its different requests.

On January 4, 2021, an indirect Cementos Argos subsidiary entered into a Deferred Prosecution Agreement (DPA) with the United States Department of Justice (DOJ) Antitrust Division, pursuant to which the subsidiary agreed to pay a fine in the amount of USD $20 million to the United States Treasury, for violations of competition law by certain former employees in a local sales office for the ready-mix concrete market from Savannah, Georgia. The sales office and related concrete plants involved in the conduct were acquired by the subsidiary in 2011, as part of a larger acquisition, and sold in 2019. Subject to compliance with DPA terms, the DOJ has agreed to defer prosecution of any charges against the subsidiary for such violations for three years and to dismiss any charges at the end of the three-year period.

(ii) Cementos Argos S.A. and its subsidiaries in Colombia are obliged to incur future costs for compliance with mining legal regulations, in the face of the mineral resources exploitation, corresponding to the dismantling of assets and the environmental restoration, where these assets were built, which is carried out at the time a mining operation is terminated or a mining title expires, whichever date is less.

The maximum execution date of decommissioning obligations is the expiration date of the mining title concession, so the disbursement of economic resources is estimated for five years before the legal requirement. However, in some cases where the operation is completed in an area covered by a title that is still effective for more than five years, the provision disbursements are estimated to be made within five years after completing the operation. In order to determine the best estimate to be used to settle, the Administration considers the areas affected by mining exploitation, the mining exploitation schedule and the costs incurred during past decommissioning operations.

(iii) Cementos Argos S.A. and its subsidiaries in Colombia are forced to incur costs for environmental obligations related to forestry offsets for quarries and forestry exploitation, costs for the removal and subsequent disposal of hazardous waste, specifically PCBs (polychlorinated biphenyls), previously stored. For forest compensation, Cementos Argos S.A. and its subsidiaries in Colombia have committed to liquidating their environmental obligations within a maximum period of five years or as indicated in the Resolution corresponding to each identified environmental liability. In order to determine the best estimate to be used to settle; the Administration mainly considers financial variables and planting, maintenance and isolation costs for a period of four years.

(iv) Argos USA LLC., as an indirect Cementos Argos S. A. subsidiary, can extract Chemical Grade Stone (CGS) from a quarry owned by Vulcan Construction Materials LP ("Vulcan"), which is adjacent to the Group's Alabama plant. Under the terms of the reserve exchange agreement with Vulcan, the Group has the right to extract limestone from Vulcan's quarry and, in return, to supply Vulcan with Aggregate Grade Stone (AGS) that is unsuitable for cement manufacturing. The reserve exchange agreement gives the Group the right to mine limestone on Vulcan's property and effectively increases the Group's available reserves. The agreement with Vulcan expires on December 31, 2035, with the option to extend it until December 2045. As of December 31, 2022 and 2021, the estimated obligations for future minerals mining from the Group-owned mines are $114,054 y $86,901, respectively.

The company Cautiva BMR, registers within its liabilities a technical reserve for unearned premium, which considers peaks in claims to proportionally recognize earned and unearned premiums. The company applies a straight-line accrual considered as a provision.

# NOTE 24: OTHER NON-FINANCIAL ASSETS AND LIABILITIES

## 24.1. Other non-financial assets

| | 2022 | 2021 |
|---|---|---|
| Expenses paid in advance [1] | 182,725 | 80,779 |
| Assets for VAT, ICA and other taxes | 71,951 | 46,037 |
| **Other non-financial assets** | **254,676** | **126,816** |
| Current | 244,559 | 126,816 |
| not current | 10,117 | - |
| **Other non-financial assets** | **254,676** | **126,816** |

## 24.2. Other non-financial liabilities

| | 2022 | 2021 |
|---|---|---|
| Advances and forecasts received from clients | 110,661 | 98,064 |
| Liabilities for VAT and other taxes | 156,789 | 142,442 |
| Income received in advance | 1,295 | 3,769 |
| Other liabilities | 3,674 | 2,860 |
| **Other non-financial liabilities** | **272,419** | **247,135** |
| Current | 272,419 | 247,135 |
| **Other non-financial liabilities** | **272,419** | **247,135** |

[1] The variation in 2022 corresponds mainly to capitalizable expenses for enlistment in the United States for $79,015.

# NOTE 25: OUTSTANDING BONDS AND PREFERRED SHARES

| | 2022 | 2021 |
|---|---|---|
| Outstanding bonds | 3,138,163 | 3,183,557 |
| Preferred shares classified as compound financial instruments | 60,867 | 61,198 |
| **Outstanding bonds and preferred shares** | **3,199,030** | **3,244,755** |
| Current | 458,288 | 317,884 |
| Non-current | 2,740,742 | 2,926,871 |
| **Outstanding bonds and preferred shares** | **3,199,030** | **3,244,755** |

## 25.1. Outstanding bonds

Outstanding bonds issued by Cementos Argos S. A., comprised the following as of December 31, 2022, and 2021.

| Issuance | Placement date | Term | Effective rate | Interest payment method | 2022 | 2021 |
|---|---|---|---|---|---|---|
| 2009 issuance | Apr 28, 2009 | 15 years | CPI + 7.19% | Quarterly in arrears | 201,130 | 229,530 |
| 2012 issuance | May 16, 2012 | 10 years | CPI + 4.24% | Quarterly in arrears | - | 285,696 |
| 2012 issuance | May 16, 2012 | 15 years | CPI + 4.50% | Quarterly in arrears | 303,082 | 303,082 |
| 2014 issuance | Nov 27, 2014 | 10 years | CPI + 3.80 | Quarterly in arrears | 186,175 | 190,675 |
| 2014 issuance | Nov 27, 2014 | 15 years | CPI + 4.21 | Quarterly in arrears | 311,707 | 311,707 |
| 2016 issuance | Apr 13, 2016 | 10 years (1) | CPI + 4.19 | Quarterly in arrears | 121,075 | 121,075 |
| 2016 issuance | Apr 13, 2016 | 15 years (1) | CPI + 4.47 | Quarterly in arrears | 121,075 | 184,157 |
| 2017 issuance | May 24, 2017 | 6 years (2) | 6.65% | Quarterly in arrears | 194,055 | 211,355 |
| 2017 issuance | May 24, 2017 | 13 years (2) | CPI + 3.64% | Quarterly in arrears | 388,145 | 388,145 |
| 2017 issuance | May 24, 2017 | 25 years (2) | CPI + 3.99% | Quarterly in arrears | 400,500 | 400,500 |
| 2018 issuance | Jun 27, 2018 | 10 years (3) | CPI + 3.75% | Quarterly in arrears | 158,550 | 158,550 |
| 2018 issuance | Jun 27, 2018 | 20 years (3) | CPI + 4.04% | Quarterly in arrears | 125,850 | 125,850 |
| 2020 issuance | Nov 25, 2020 | 4.25 years (4) | CPI + 2.24% | Quarterly in arrears | 204,747 | 250,000 |
| 2022 issuance | Dec 1, 2022 | 2.24 years (5) | IPC + 8.75% | Quarterly in arrears | 102,350 | - |
| 2022 commercial papers issuance 2022 issuance | Dec 1, 2022 | 1 year | IBR + 7.15% | Quarterly in arrears | 113,201 | - |
| 2022 commercial papers issuance | Dec 1, 2022 | 1 year | TF + 18.70% | Quarterly in arrears | 99,298 | - |
| | | | | | **3,030,940** | **3,160,322** |

(1) The issuance is part of the issuance and placement program for ordinary bonds and commercial papers charged to a global quota of $1,000,000 approved through Resolution No. 0422 from the Financial Superintendence of Colombia on March 23, 2012.

(2) The issuance is part of the issuance and placement program for ordinary bonds and commercial papers charged to a global quota of $1,000,000 approved through Resolution No. 0518 from the Financial Superintendence of Colombia of April 3, 2017, through which the global quota increase of the emission and collation program approved previously through resolution 0422 of 2012, was approved.

(3) The issuance is part of the issuance and placement program for ordinary bonds and commercial papers charged to a global quota of $1,000,000 approved through Resolution No. 0585 from the Financial Superintendence of Colombia ("SFC") on May 10, 2018.

(4) The issuance constitutes the second section that is part of the program for the issuance and placement of ordinary bonds and commercial papers charged to a global quota of $1,000,000 approved by Resolution No. 0585 from the Financial Superintendence of Colombia ("SFC") on May 10, 2018.

(5) The issuance constitutes the second lot of the second issuance of ordinary bonds corresponding to the bond issuance and placement program of Cementos Argos S.A. in the main market. The Company awarded in the market one hundred two thousand three hundred and fifty million pesos ($102,350) in bonds and ($212,499) in commercial papers.

In 2022, bonds with an initial nominal balance of $299,896 million pesos matured and in 2021, bonds with an initial nominal balance of $94,768 and $215,600 million pesos matured in April and June, respectively.

All issues are rated AA+, with a stable outlook by Fitch Ratings Colombia S.A. rating agency, and these are nominative securities issued to order and traded on the secondary market through the Colombian Stock Exchange. During 2022, financial interest expense was recorded for $363,426 (2021: $232,395) of ordinary bonds and $4,488 (2021: $5,675) of preferred shares.

## 25.2. Preferred shares

Per the approval of the General Shareholder's Meeting on March 15, 2013; Cementos Argos carried out the issuance and placement of shares with preferred dividends and no voting rights (hereinafter, preferred shares) in May 2013 for $ 1,610,824, allocating 209,197,850 preferred shares with a subscription price of $ 7,700 per preferred share, as determined by the Board of Directors of the Company.

The issuance of preferred shares is a compound financial instrument. The issuer, for its subsequent recognition and measurement, identified the debt and equity components by assessing the contractual instrument terms, as well as the issuer's obligations. Given the contractual obligation of the issuer to pay the minimum annual dividend to shareholders if the Company generates profits, the issuance incorporates a financial liability component. Once this liability has been measured, the difference between the received value and the obligation value constitutes an equity component. The part corresponding to the financial liability should be measured at least during each interim period and recognize their impact on the result of the period; the equity element is not subject to further measurement.

Cementos Argos determined the liability component by discounting the cash flows corresponding to the preferred minimum dividend, which were calculated in perpetuity based on the provisions of section 11.1.1 from the prospectus; the discount rate applied corresponded to the market rate at the issuance date of similar instruments that did not incorporate an equity component. Considering the difficulty of identifying a financial instrument on the market with the same characteristics as the issuance, the financial liability discount rate was determined by referencing the current yield of longer-term bonds issued by Cementos Argos S.A. in Colombian pesos. For these purposes, the valuation rate of Cementos Argos 2024 bond issuance, issued in May 2012, is long-term (15 years) and indexed to the CPI.

Preferred shares had a 3% minimum yearly dividend on the subscription price that was paid during the first 12 quarters starting from the placement date. In April 2016, this last minimum dividend corresponding to 3% per year on the subscription price was paid and as of the thirteenth quarter, the minimum annual dividend will be $10 per share, which will increase with the annual CPI at the end of each year. Issuance prospectus does not contain options to buy or sell the preferred shares.

Holders of shares with preferred dividends and no voting rights are entitled to receive a minimum dividend in a preferred manner, compared to the one corresponding to ordinary shares, provided they generated distributable profits during the immediately preceding accounting year. Under no case may the dividend received by the holders of the ordinary shares be higher than the one decreed in favor of the preferred shares; to the preferred reimbursement of their contributions, once the external liability has been paid, in the event of the issuer dissolution and liquidation; and the other rights provided for in the issuer's bylaws for holders of ordinary shares, except (i) the right to preferentially subscribe ordinary shares, and (ii) the right to vote on the proposals at the issuer's General Meeting of Shareholders. By way of exception, preferred shares will grant their holders the right to vote in the events described in the prospectus placement and issuance.

The liability recognized by the issuance of preferred shares is composed of the valuation of the debt component and the reduction of direct issuance costs allocated to the liability component, according to the participation percentage of each component in the issuance amount. At the time of initial recognition, issuance costs were included in the financial liability for $7,157. The debt component is measured at amortized cost using the effective interest rate. The effective interest rate for the subsequent debt component measurement at amortized cost was determined by matching cash flows receivable or payable estimated over the financial instrument expected life to the net book value of the liability component at the time of initial recognition. The financial liability increases with the recognition of interest applying the effective interest rate and decreases to the extent that the minimum dividends are accounted for to the preferred shareholders.

# NOTE 26: FINANCIAL INSTRUMENTS

## 26.1. Capital risk management

The Group manages its capital from a long-term perspective, seeking to maintain a balanced, efficient and flexible capital structure to safely accompany and support the organization growth process. The Group considers equity shares, both ordinary and preferred, short and long-term financial obligations, as well as ordinary bonds as capital. Cementos Argos S.A. is not subject to externally imposed capital requirements.

The Group uses the Net debt / EBITDA + dividends indicator to monitor the capital structure. The net debt consists of financial obligations minus cash and temporary investments. This indicator allows establishing the leverage level of the Group regarding its cash generation. Additionally, this indicator is included in the long-term loan agreements that Company has. Other indicators, such as the debt's short-term and long-term relationship, average life, and free cash flow, also are considered to analyze the capital structure. In line with the above, a correct balance between debt and equity is maintained.

The Group periodically monitors that the Net debt / EBITDA + dividends leverage indicator stays within a specific range that enables a sustainable growth and the goals achievement set forth by the Administration.

In order to manage other indicators, such as the average debt life, and its long and short-term distribution, there is ample access to credit through approved lines with national and international banks and the possibility of accessing the capital market through the issuance of ordinary bonds and/or commercial papers in the local market.

The composition of the Group's liabilities conservates an adequate balance between currencies, taking advantage of natural hedges between assets and liabilities denominated in the same currency. The capital structure of the Group considers the fit between the indebtedness denominated in dollars and the EBITDA generated in United States and the Central American and Caribbean countries operations, which generate their flows mainly in dollars.

In 2022 and comparative period, there have been no significant changes in the Group's capital management objectives, policies, or processes.

## 26.2. Financial instruments categories

| | 2022 | 2021 |
|---|---|---|
| Cash and cash equivalents (Note 5) | 790,086 | 483,229 |
| Fair value through profit or loss (Note 7) | 3,015 | 3,315 |
| Instruments derived from hedging relationships (Note 6) | 154,259 | 32,237 |
| Financial assets measured at amortized cost (Note 7 & 8) | 1,871,800 | 1,179,035 |
| Financial assets measured at fair value with changes in other comprehensive income (Note 7) | 1,216,230 | 873,239 |
| **Financial Assets** | **4,035,390** | **2,571,055** |
| Instruments derived from hedging relationships (Note 6) | 22,557 | 48,811 |
| Financial liabilities measured at fair value through equity [1] | 85,018 | - |
| Financial liabilities measured at amortized cost | 8,899,808 | 7,320,922 |
| **Financial Liabilities** | **9,007,383** | **7,369,733** |
| **Financial liabilities, net** | **4,971,993** | **4,798,678** |

### 26.2.1. FINANCIAL ASSETS MEASURED AT FAIR VALUE WITH CHANGES IN OTHER COMPREHENSIVE INCOME

| | 2022 | 2021 |
|---|---|---|
| Grupo de Inversiones Suramericana S. A. | 1,192,587 | 851,848 |
| Carvajal Pulpa y Papel S. A. | 619 | 619 |
| Cemex S. A. | 1,812 | 2,510 |
| Other investments | 21,212 | 18,262 |
| | **1,216,230** | **873,239** |
| Recognized dividends related to investments held at the end of the period | 22,350 | 17,053 |

[1] Corresponds to financial liability recognized with non-controlling interests by non-controlling shareholder put option and purchase obligation by the Group.

Equity investments indicated in the table above are not held for negotiation purposes, these are held for strategic purposes in the medium and long term. The Group's management believes that this classification for these strategic investments provides more reliable financial information, rather than reflecting changes to their fair value immediately in the period results.

As of December 31, 2022, the Group made no transfers from other comprehensive income to retained earnings.

### 26.2.2. FINANCIAL ASSETS RECLASSIFICATION

During the current period, the Group has not carried out changes in the business model for financial assets management and administration; therefore, financial assets have not been reclassified under the fair value modality towards the amortized cost, or vice versa.

## 26.3. Financial risk management objectives

The Group's financial policies are defined by the Corporate Finance committee and managed by the Corporate Finance Management, and they seek to ensure a solid financial structure and maintain the Group's exposure to market risk, liquidity and credit at optimal levels, according to the nature of the operations. The Group is exposed to exchange rate risks, interest rate, credit, and liquidity risk. The risk is mitigated by using natural hedging or financial derivatives, to the extent allowed by the market. The use of financial derivatives for speculative purposes is not allowed.

### 26.3.1. FOREIGN EXCHANGE RISK MANAGEMENT

The Group is exposed to exchange rate risk as a result of the investments it maintains in subsidiaries with a functional currency other than the Colombian peso, for transactions carried out in currencies other than its functional currency, including foreign currency borrowing operations. Fluctuations in exchange rates have direct impacts on cash and consolidated financial statements. The Group monitors exchange rate risk by analyzing the balance sheet and cash flow exposure.

The analysis of exposure to exchange rate risk is carried out on the subsidiaries that have assets, liabilities, income, and expenses in currencies other than their functional currency, and where the local currency floats freely without exchange controls since those subsidiaries located in Countries with currency exchange controls have low volatility in exchange rate fluctuations. The exposure of the statement of financial position is determined by calculating the net position in dollars, made up of the liabilities and assets in dollars of said companies. The Group uses different natural hedging mechanisms to meet its objective of minimizing the volatility of the foreign exchange difference item in the consolidated income statement. Exposure to cash flows is monitored by analyzing the compensation of income and expenses in foreign currency, seeking to maximize the match between cash inflows and outflows in the same currency in order to minimize dollars purchases or sales in the spot market.

The concentration of foreign exchange risk is measured regarding the net position limit of + / - US 30 million. To the extent that the net position of the Group moves away from that figure, the exposure to foreign exchange risk is considered to increase.

The carrying amounts of the monetary assets and liabilities denominated in foreign currency at the end of the reporting period are as follows:

| | Monetary assets | | Monetary liabilities | | Net exposure | |
|---|---|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| US dollar, expressed in million pesos | 1,660,922 | 1,687,317 | 1,335,162 | 811,965 | 325,760 | 875,352 |
| US dollar, expressed in thousand dollars | 345,292 | 423,825 | 277,569 | 203,952 | 67,723 | 219,873 |
| Euro, expressed in million pesos | 184 | 185 | 4,864 | 4,207 | (4,680) | (4,022) |
| Euro, expressed in thousand euros | 36 | 41 | 947 | 929 | (911) | (888) |

### 26.3.2. RISK MANAGEMENT OF INTEREST RATES AND INFLATION INDICES

Interest rate risk arises mainly from the type of interest rate to which the company's loans are indexed. An increase in interest rates increases financial spending. This increase materializes more immediately in loans whose interest rate is determined based on a variable rate. For fixed-rate loans, the interest rate increase materializes at the time of credit renewal. The risk is reduced by maintaining a portion of the debt portfolio in fixed-rate loans with maturities in the medium and long term.

The concentration of interest rate risk materializes when a very high exposure to a particular index is detected in the financial debt portfolio. The Group considers an exposure to a fixed rate between 20% and 30% of its total consolidated debt to be optimal. The Group's debt profile is reported monthly to Management, indicating TF concentration levels vs. TV, term distribution (short-term vs. long-term) and distribution by currency (COP vs. USD vs. other currencies). With the results presented, decisions are made to manage the debt portfolio, such as the advance payment of obligations, structuring of financial derivatives to balance the position in interest rates and/or currencies, etc. As of December 31, 2022, 36% of the consolidated debt was agreed at a fixed interest rate, including hedges (2021: 34%).

The reference interest rates of the Colombian financial market that generate exposure to the Group are the CPI, IBR, ISOFR and LIBOR international reference rate for credits in dollars. The Group has not considered exposure to other local or international rates.

### 26.3.3. CREDIT RISK MANAGEMENT

The credit risk derived from financial assets that imply the risk of the counterparty defaulting is reduced by evaluating and assessing clients with exposure or who require credit beyond the established limits and actual collaterals. The maximum exposure to credit risk is represented by the balance of the financial assets. Management has developed policies for credit authorization to customers. The exposure to credit risk is constantly monitored according to the debtor’s payment behavior.

The credit risk derived from the investments made by the Group in the financial system is monitored through the use of an issuer quota model, which stipulates the maximum amount that the Group may have invested in an American, European, Honduran, or Colombian bank, in which most of the Group's cash is concentrated and with which financial derivative operations are agreed. The policy restricts the amount of investment in banks to the limit calculated by the model quotas, without the authorization of the Financial Vice President. The models incorporate variables, such as national and international rating, leverage indicators, and liquidity indicators of banking entities. When the amounts invested in a bank exceed the values calculated by the quotas model, the risk is considered to be highly concentrated in a single issuer. The Company balances that concentration, when the market allows it, by divesting the issuer that has exceeded the amount stipulated by the model and recomposing the investments with different alternatives, according to the calculated quotas. For banks that are not part of the model, the Company does not measure the issuer quota risk. In turn, banks that are not part of that model are entities in which there are no significant investments at the time of this report.

### 26.3.4. LIQUIDITY RISK MANAGEMENT

The Group has financial obligations with counterparties in the banking system and in the capital market. In order to mitigate the liquidity risk in the possible renewals of these credits, the Group plans the concentration of maturities monthly in order to avoid accumulating very high maturities in any given month of the year. Additionally, it has a broad portfolio of liquidity providers in different currencies, types of indexers, and terms, including national banks, international banks, commercial financing companies, stockbrokers, and issuance of bonds and trade papers in the capital market as a recurring issuer, where the main investors of these papers are pension funds and insurance companies. The balance of the debt distribution by term is another clear objective of management, with the goal of not concentrating more than 30% of financial liability maturities in the short-term. The years of duration of the financial liabilities are monitored month by month, and the objective is that the average life of the portfolio exceeds 3.5 years. These debt duration objectives can be affected at specific times by acquisitions and divestitures operations, etc., involving bridge or short-term financing, while adjusting the capital structure to the objectives set. Likewise, the Group has uncommitted credit quotas in national and international banks in a sufficient amount to cover any eventuality. The Group is also exposed to liquidity risk for breach of their financial commitments, which would trigger cross compliance clauses in other contracts. To mitigate this risk, the financial obligations in the credit agreements are monitored monthly and reported to Management.

Accounting working capital, defined as current assets minus current liabilities, shows a negative balance. This is mainly due to short-term loans and reclassifications of those loans that were long-term and whose maturity is already within the next 12 months. At the end of December, the company has available uncommitted quotas and is a recurring issuer in the Colombian stock market, with a quota in its bond and commercial paper issuance and placement program of $1,250,000 million. These bank quotas and in the stock market allow the structuring of sufficient financing alternatives to renew the current debt portion, together with the internal generation of the company.

## 26.4. Foreign currency sensitivity analysis

The Group is mainly exposed to the USD currency both through monetary assets and liabilities and through future cash flows denominated in this currency. In general terms, the company has a long exposure in USD, benefiting from the appreciation of this currency with respect to the Colombian peso, mainly because it receives more flows in dollars from its subsidiaries abroad than the payments made in this currency. Regarding the exposure to foreign currency in the company's balance sheet, the following analysis is carried out to determine the impact on net income.

The following table shows the impact on net income of a 20% depreciation or appreciation in the Colombian peso, against the relevant foreign currencies after considering the hedge accounting effect. The 20% represents the sensitivity rate used when reporting currency risk internally to key management personnel and represents management's assessment of a possible but extreme scenario. The sensitivity analysis includes only outstanding monetary items denominated in foreign currency and adjusts their translation at the end of the period for a 20% change in exchange rates. The sensitivity analysis includes external loans, as well as loans for foreign operations within the Group, where the loan denomination is in a currency other than the currency of the lender and the borrower. Monetary liabilities denominated in dollars exceed monetary assets denominated in dollars, so when only the exposure of the company's balance sheet to the US dollar is considered, it is observed that the appreciation of the Colombian peso has a positive effect on net income.

| | 2022 | 2021 |
|---|---|---|
| ***20% increase in US dollar regarding functional currency*** | | |
| Income before taxes, expressed in million pesos | 65,152 | 175,070 |
| Equity | 144,501 | 102,827 |

#### FOREIGN CURRENCY SENSITIVITY ANALYSIS IN CONSOLIDATED FINANCIAL STATEMENTS

The sensitivity analysis uses a 20% increase or decrease in the closing exchange rate and moving average, which represents the management's assessment of the possible reasonable change in exchange rates.

| | 2022 | 2021 |
|---|---|---|
| *20% increase in US dollar regarding functional currency* | | |
| Impact on profit before taxes, expressed in million pesos | 182,090 | 199,088 |
| Other Comprehensive Income, expressed in million pesos | 2,177,395 | 1,775,294 |

A 20% drop in the Colombian peso against the US dollar would have produced the opposite effect. For the analysis, all other variables are assumed to be constants.

## 26.5. Sensitivity analysis of interest rates and inflation indices

The Group carries out determined sensitivity analysis based on exposure to interest rates and inflation indices, for both derivative and non-derivative instruments at the end of the reporting period. For liabilities at variable rates, an analysis is carried out, assuming that the amount of the outstanding liability at the end of the reporting period has been the outstanding liability for the entire year. When internally informing key management personnel about interest rate risk, an increase or decrease of 100 basis points over the indicator's spot rate is used, which represents management's assessment of the possible reasonable change in interest rates.

During the period, there have been changes in the methods and hypotheses used for the sensitivity analysis.

| | IPC | | Libor | | IBR | |
|---|---|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| *Increase of 100PB over the indexer spot rate* | | | | | | |
| Income before taxes, expressed in million pesos | 25,375 | 29,490 | 20,588 | 5,848 | 8,164 | 4,532 |
| Other comprehensive income | 19,489 | - | 5,565 | (20,889) | (29,583) | (1,300) |

## 26.6. Derivative contracts in foreign currency and interest rate

The following table details foreign currency derivative contracts and notional capital amounts and remaining terms of interest rate swap contracts under hedge accounting outstanding at the end of the reporting period:

| | Derivative contract average rate | | Underlying notional value in Colombian pesos [1] | | Assets (liabilities) fair value | |
|---|---|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| **US dollar** | | | | | | |
| 1 year or less, purchase forward | 4,470 | 3,901 | 619,654 | 438,629 | 60,296 | 15,215 |
| 1 to 5 years, purchase swap | 4,196 | 3,535 | 388,996 | 119,435 | 40,591 | 15,974 |
| **Total foreign currency derivative contracts** | | | **1,008,650** | **558,064** | **100,887** | **31,189** |
| **Interest rate swap, cash flow hedge** | | | | | | |
| 1 year or less | | | 230,000 | 60,000 | 5,974 | (313) |
| From 1 to 5 years | | | 1,041,787 | 1,593,218 | 37,880 | (47,451) |
| **Interest rate swap, fair value hedge** | | | | | | |
| 5 years or more | | | 190,000 | - | (13,040) | - |
| **Total interest rate derivative contracts** | | | **1,461,787** | **1,653,218** | **30,814** | **(47,764)** |
| **Total foreign currency derivatives and interest rates** | | | **2,470,437** | **2,211,282** | **131,702** | **(16,575)** |

[1] The underlying notional value includes values in American dollars. For disclosure purposes, these amounts have been converted into Colombian pesos using the closing exchange rate in force for each reporting date.

## 26.7. Interest risk and liquidity tables

The following tables detail the remaining contractual maturity of the Group for its non-derivative financial liabilities with agreed-upon reimbursement periods. Tables have been designed based on the undiscounted cash flows of financial liabilities, based on the date on which the Group must make payments. Tables include both interest and capital cash flows. When the interest is at the variable rate, the undiscounted amount is derived from market interest rate curves at the end of the reporting period. The contractual maturity is based on the minimum date on which the Group must make the payment.

| | Weighted average effective rate | 1 year or less | From 1 to 5 years | 5 years or more | Total contractual cash flows | Book value |
|---|---|---|---|---|---|---|
| **December 31, 2022** | | | | | | |
| Non-interest-bearing liability | | 1,383,501 | - | - | 1,383,501 | 1,383,501 |
| Instruments with variable interest rates | 11.50% | 1,392,386 | 5,631,622 | 3,527,976 | 10,551,984 | 6,358,456 |
| Instruments with fixed interest rates | 11.40% | 1,123,370 | 20,636 | - | 1,144,006 | 1,096,984 |
| Other liabilities | - | 2,472 | 10,520 | 192,122 | 205,114 | 60,867 |
| | | **3,901,729** | **5,662,778** | **3,720,098** | **13,284,605** | **8,899,808** |
| **December 31, 2021** | | | | | | |
| Non-interest-bearing liability | | 983,726 | 5 | - | 983,731 | 983,731 |
| Instruments with variable interest rates | 7.14% | 1,831,627 | 2,841,262 | 3,238,886 | 7,911,775 | 5,666,407 |
| Instruments with fixed interest rates | 4.26% | 239,736 | 411,758 | - | 651,494 | 609,586 |
| Other liabilities | - | 2,411 | 10,263 | 194,850 | 207,524 | 61,198 |
| | | **3,057,500** | **3,263,288** | **3,433,736** | **9,754,524** | **7,320,922** |

The following table details the Group's liquidity analysis for its derivative financial instruments. The table has been designed based on discounted contractual net cash flows that are written off on a net basis, and discounted gross cash flow on those derivatives that require a gross payment. When the amount payable or receivable is not fixed, the amount disclosed has been determined by referencing projected interest rates, as illustrated by the yield curves at the end of the reporting period. As of December 31, 2022 and 2021, the Group does not have derivative contracts that are settled in their gross amount.

| | December 31, 2022 | | | | December 31, 2021 | | | |
|---|---|---|---|---|---|---|---|---|
| | 1 year or less | From 1 to 5 years | 5 years or more | Total | 1 year or less | From 1 to 5 years | 5 years or more | Total |
| **Net settled amount:** | | | | | | | | |
| Forward | 60,296 | - | - | 60,296 | 15,215 | - | - | 15,215 |
| Swaps | (15,490) | 86,896 | - | 71,406 | 15,661 | (47,451) | - | (31,790) |
| | **44,806** | **86,896** | **-** | **131,702** | **30,876** | **(47,451)** | **-** | **(16,575)** |

## 26.8. Collateral

In 2022, the financial assets pledged as collateral are as follows:

- 24,183,262 shares from the issuer Grupo de Inversiones Suramericana S.A. to the financial entity Banco Santander as collateral for a loan for USD 100 million.
- Argos SEM LLC subsidiary has pledged 360,600 common shares of Argos Puerto Rico Corp. to secure credit between Argos Puerto Rico Corp. and Banco Popular de Puerto Rico. Under this credit, the accounts receivable, escrow accounts, and inventory from Argos Puerto Rico Corp. were also pledged.

At the end of 2022, the company has 10,194,345 shares of Grupo de Inversiones Suramericana as collateral for passive repos. At the end of 2021, the Group had no financial assets pledged as collateral for financial liabilities or contingent liabilities.

## 26.9. Financial assets and liabilities fair value

The Group determines the fair value of all its financial assets and liabilities in the reporting period for measurement or disclosure in the financial statements.

The following table shows, for each of the levels of fair value hierarchy, the Group's assets and liabilities measured at fair value as of December 31, 2022 and 2021:

| | December 31, 2022 | | | | December 31, 2021 | | |
|---|---|---|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total Fair Value | Level 1 | Level 2 | Total Fair Value |
| *Financial assets at fair value:* | | | | | | | |
| in results | 3,015 | - | - | 3,015 | 3,315 | - | 3,315 |
| In other comprehensive income | 1,195,018 | 21,212 | - | 1,216,230 | 854,977 | 18,262 | 873,239 |
| Financial Derivatives | - | 154,259 | - | 154,259 | - | 32,237 | 32,237 |
| **Financial assets at fair value** | **1,198,033** | **175,471** | **-** | **1,373,504** | **858,292** | **50,499** | **908,791** |
| *Financial assets at fair value:* | | | | | | | |
| In other equity items | - | - | 85,018 | 85,018 | - | - | - |
| Financial Derivatives | - | 22,557 | - | 22,557 | - | 48,811 | 48,811 |
| **Financial assets at fair value** | **-** | **22,557** | **85,018** | **107,575** | **-** | **48,811** | **48,811** |
| **Net assets (liabilities) at fair value** | **1,198,033** | **152,914** | **85,018** | **1,265,929** | **858,292** | **1,688** | **859,980** |

The following table shows the carrying amount and estimated fair value of the financial assets and liabilities of the Group that is not measured at fair value in the financial statements, but are required to be disclosed:

| | December 31, 2022 | | December 31, 2021 | |
|---|---|---|---|---|
| | Book value | Fair value, Level 2 | Book value | Fair value, Level 2 |
| Non-interest bearing liabilities | 1,383,501 | 1,383,501 | 983,731 | 983,731 |
| Instruments with variable interest rates | 6,358,456 | 5,986,224 | 5,666,407 | 5,482,243 |
| Instruments with fixed interest rates | 1,096,984 | 1,073,470 | 609,586 | 598,919 |
| Preferred share liability | 60,867 | 16,197 | 61,198 | 39,402 |
| **Financial liabilities** | **8,899,808** | **8,459,392** | **7,320,922** | **7,104,295** |

| | December 31, 2022 | | December 31, 2021 | |
|---|---|---|---|---|
| | Book value | Fair value, Level 2 | Book value | Fair value, Level 2 |
| Cash and cash equivalents | 790,086 | 790,086 | 483,229 | 483,229 |
| Amortized cost of investments with high liquidity [1] | 470,643 | 470,643 | - | - |
| Accounts receivable | 1,401,157 | 1,401,157 | 1,179,035 | 1,179,035 |
| **Financial assets** | **2,661,886** | **2,661,886** | **1,662,264** | **1,662,264** |
| **Financial assets** | **(6,237,922)** | **(5,797,506)** | **(5,658,658)** | **(5,442,031)** |

[1] In 2022, it corresponds to TDC constituted by Cementos Argos S.A.

As of December 31, 2022 and 2021, there were no transfers between fair value hierarchy levels, or changes to the assets and liabilities measured at fair value on a recurrent basis using unobservable variables classified at level 3 of the fair value hierarchy.

## 26.10. Reconciliation of changes in liabilities and cash flows arising from financing activities

| 2022 | Obligations and other financial liabilities | Lease liabilities | Dividend liability | Derivative liabilities, net | Composite bonds and financial instruments | Total liabilities with impact on financing cash flows | Non-controlling interest | Total liabilities and non-controlling interest |
|---|---|---|---|---|---|---|---|---|
| **Balance as of January 1, 2021** | **3,092,435** | **675,529** | **37,543** | **16,575** | **3,244,755** | **7,066,837** | **954,687** | **8,021,524** |
| Loan payments | (3,445,553) | - | - | - | - | (3,445,553) | - | (3,445,553) |
| Amounts from loans | 4,056,338 | - | - | - | - | 4,056,338 | - | 4,056,338 |
| Paid interest | (115,495) | (37,023) | - | - | (333,442) | (485,960) | - | (485,960) |
| Paid dividend on ordinary shares | - | - | (324,392) | - | - | (324,392) | - | (324,392) |
| Bonds issuance | - | - | - | - | 302,771 | 302,771 | - | 302,771 |
| Lease liabilities payments | - | (143,692) | - | - | - | (143,692) | - | (143,692) |
| Payments from financial derivatives contracts | - | - | - | (62,357) | - | (62,357) | - | (62,357) |
| Receivables from financial derivative contracts | - | - | - | 76,775 | - | 76,775 | - | 76,775 |
| Paid dividend on preferred shares | - | - | (42,300) | - | (1,820) | (44,120) | - | (44,120) |
| Outstanding bond payments | - | - | - | - | (381,149) | (381,149) | - | (381,149) |
| Other cash inflows | - | - | - | - | - | (25,026) | - | (25,026) |
| **Change from financing cash flows** | **495,290** | **(180,715)** | **(366,692)** | **14,418** | **(413,640)** | **(476,365)** | **-** | **(476,365)** |
| Interest caused | 144,610 | 37,022 | - | 55,791 | 367,914 | 605,337 | - | 605,337 |
| Dividends decreed in equity | - | - | 460,878 | - | - | 460,878 | - | 460,878 |
| Loss of control of a subsidiary or business | - | (4,414) | - | - | - | (4,414) | - | (4,414) |
| Foreign currency conversion | 445,378 | 108,545 | (3,298) | (112) | - | 550,513 | - | 550,513 |
| New leases, net write-off | - | 50,301 | - | - | - | 50,301 | - | 50,301 |
| Fair value measurement of derivatives | - | - | - | (55,282) | - | (55,282) | - | (55,282) |
| Difference in unrealized change | 63,369 | 5,053 | 6,568 | (68,735) | - | 6,255 | - | 6,255 |
| Other changes | 161,213 | (443) | - | (94,357) | - | 66,413 | 95,997 | 162,410 |
| Changes other than cash flows | **814,570** | **196,064** | **464,148** | **(162,695)** | **367,914** | **1,680,001** | **95,997** | **1,775,998** |
| **Balance as of December 31, 2022** | **4,402,295** | **690,878** | **134,999** | **(131,702)** | **3,199,029** | **8,270,473** | **1,050,684** | **9,321,157** |

| 2021 | Obligations and other financial liabilities | Lease liabilities | Dividend liability | Derivative liabilities, net | Composite bonds and financial instruments | Total liabilities with impact on financing cash flows | Non-controlling interest | Total liabilities and non-controlling interest |
|---|---|---|---|---|---|---|---|---|
| **Balance as of January 1, 2021** | **3,280,429** | **728,137** | **147,609** | **117,485** | **3,509,621** | **7,783,281** | **872,816** | **8,656,097** |
| Loan payments | (3,997,587) | - | - | - | - | (3,997,587) | - | (3,997,587) |
| Amounts from loans | 3,372,246 | - | - | - | - | 3,372,246 | - | 3,372,246 |
| Paid interest | (72,501) | (34,061) | - | - | (210,056) | (316,618) | - | (316,618) |
| Paid dividend on ordinary shares | - | - | (351,428) | - | - | (351,428) | - | (351,428) |
| Bonds issuance | - | - | - | - | - | - | - | - |
| Lease liabilities payments | - | (181,476) | - | - | - | (181,476) | - | (181,476) |
| Derivative contract payments | - | - | - | (57,723) | - | (57,723) | - | (57,723) |
| Financial derivatives collections | - | - | - | 35,479 | - | 35,479 | - | 35,479 |
| Paid dividend on preferred shares | - | - | (55,202) | - | (3,287) | (58,489) | - | (58,489) |
| Outstanding bond payments | - | - | - | - | (283,918) | (283,918) | - | (283,918) |
| Purchases from non-controlling interests | - | - | - | - | - | - | (98,684) | (98,684) |
| Other cash inflows | - | - | - | - | - | (20,868) | - | (20,868) |
| **Change from financing cash flows** | **(697,842)** | **(215,537)** | **(406,630)** | **(22,244)** | **(497,261)** | **(1,860,382)** | **(98,684)** | **(1,959,066)** |
| Interest caused | 82,257 | 34,061 | - | 36,806 | 232,395 | 385,519 | - | 385,519 |
| Dividends decreed in equity | - | - | 286,657 | - | - | 286,657 | - | 286,657 |
| Loss of control of a subsidiary or business | - | (9,890) | - | - | - | (9,890) | - | (9,890) |
| Foreign currency conversion | 369,545 | 74,835 | 9,906 | 9,860 | - | 464,146 | - | 464,146 |
| New leases, net write-off | - | 53,193 | - | - | - | 53,193 | - | 53,193 |
| Fair value measurement of derivatives | - | - | - | (76,512) | - | (76,512) | - | (76,512) |
| Difference in unrealized change | 59,951 | 3,854 | - | (48,821) | - | 14,984 | - | 14,984 |
| Loan costs capitalization | - | - | - | - | - | - | - | - |
| Transfers of lease liabilities | - | - | - | - | - | - | - | - |
| Other changes | (1,904) | 6,878 | - | - | - | 4,974 | 81,871 | 86,845 |
| Changes other than cash flows | **509,849** | **162,931** | **296,563** | **(78,667)** | **232,395** | **1,123,071** | **81,871** | **1,204,942** |
| **Balance as of December 31, 2021** | **3,092,436** | **675,531** | **37,542** | **16,574** | **3,244,755** | **7,045,970** | **856,003** | **7,901,973** |

# NOTE 27: ISSUED CAPITAL

As of December 31, 2022 and 2021, the authorized capital is made up of 1,500,000,000 shares with a nominal value in pesos of $416, each for a total value of $624,000. The subscribed and paid-in capital is made up of 1,234,054,317 (2021: 1,234,054,317) common shares and 209,197,850 preferred shares, with a nominal value in pesos of $416, for a total of $513,367 (2021: $513,367) and $87,026 (2021: $87,026), respectively. Own shares reacquired are 63,575,575. As of December 31, 2022 and 2021, the outstanding shares are 1,379,676,592 (2021: 1,379,676,592). The statement of changes in equity includes a share placement premium for $1,642,158 (2021: $1,642,158).

| | 2022 | 2021 |
|---|---|---|
| **AUTHORIZED CAPITAL** | | |
| 1,500,000,000 ordinary shares with a nominal value of $ 416 | 624,000 | 624,000 |
| **SUBSCRIBED AND PAID CAPITAL** | | |
| 1,234,054,317 ordinary shares with a nominal value of $416 | 513,367 | 513,367 |
| 209,197,850 preferred shares with a nominal value of $ 416 | 87,026 | 87,027 |
| | **600,393** | **600,393** |

As a result of the process of accepting the dividends payment in shares, the Board of Directors approved the release of 18,806,432 common shares, equivalent to a dividend payment value of $100,238, corresponding to an increase in subscribed and paid capital of $7,823, and premium in shares of placement $92,415. With the approved release of shares, the subscribed and paid-in capital of the Company went from $592,570 to $600,393, and the reserved shares went from 75,554,265 shares to 56,747,833 shares.

Investments in the Group's associates and joint ventures do not hold ordinary or preferred shares from Cementos Argos S.A. or any of its subsidiaries at the reporting date or in comparative periods.

The Group has not reserved common or preferred shares for option contracts or contracts for shares sale.

Cementos Argos S.A. may only acquire its own shares by decision of the General Shareholders' Meeting, with a favorable vote of the number of shares subscribed determined by law, with funds taken from liquid profits and provided that such shares are fully released.

## 27.1. Reconciliation of paid ordinary shares

| | Number of shares | Social capital | Share placement premium | Total |
|---|---|---|---|---|
| Balance as of December 31, 2021 | 1,234,054,317 | 513,367 | 268,089 | 781,456 |
| **Balance as of January 1, 2022** | **1,234,054,317** | **513,367** | **268,089** | **781,456** |
| **Balance as of December 31, 2022** | **1,234,054,317** | **513,367** | **268,089** | **781,456** |

## 27.2. Reconciliation of paid preferred shares

| | Number of shares | Social capital | Share placement premium | Total |
|---|---|---|---|---|
| Balance as of December 31, 2021 | 209,197,850 | 87,026 | 1,374,069 | 1,461,095 |
| **Balance as of January 1, 2022** | **209,197,850** | **87,026** | **1,374,069** | **1,461,095** |
| **Balance as of December 31, 2022** | **209,197,850** | **87,026** | **1,374,069** | **1,461,095** |

Each ordinary share gives its owner the right to participate in the General Shareholders' Meeting decisions and vote in it, trade the shares freely, inspect the books and social papers freely during the fifteen (15) business days prior to the General Meeting in which the year-end financial statements are examined, and receive a proportionate share of the social assets at the time of settlement and once the company's external liabilities have been paid, among others included in the bylaws.

The shareholders holding ordinary shares shall have the right to preferentially subscribe in all-new issuance of ordinary shares, an amount proportional to those held on the date on which the competent social agency approves the subscription regulations.

Holders of shares with preferred dividends and no voting rights are entitled to receive a minimum dividend in a preferred manner, compared to the one corresponding to ordinary shares, provided they generated distributable profits during the immediately preceding accounting year. Under no case may the dividend received by the holders of the ordinary shares be higher than the one decreed in favor of the preferred shares; to the preferred reimbursement of their contributions, once the external liability has been paid, in the event of the issuer dissolution and liquidation; and the other rights provided for in the issuer's bylaws for holders of ordinary shares, except (i) the right to preferentially subscribe ordinary shares, and (ii) the right to vote on the proposals at the issuer's General Meeting of Shareholders. By way of exception, preferred shares will grant their holders the right to vote in the events described in the prospectus placement and issuance.

The preferred shares issuance qualifies as a compound financial instrument. The Group, for further recognition and measurement, identified the debt and equity components by assessing the instrument contractual terms and the issuer obligations. Given the issuer contractual obligation to issue cash or other financial assets to shareholders, the issuance incorporates a financial liability component. Once this liability has been measured, the difference between the received value and the obligation value constitutes an equity component. The part corresponding to the financial liability should be measured at least during each interim period and recognize their impact on the period result; the equity element is not subject to further measurement.

# NOTE 28: RESERVES AND OTHER COMPREHENSIVE INCOME

## 28.1. Reserves

The Group consolidated reserves include Cementos Argos S. A. reserves value, and participation in reserves changes from subsidiaries, associates, and joint ventures accounted for by the equity method, in the percentage held by the Group, after the date of the first IFRS adoption. The following table shows separately the legal reserve and other reserves from Cementos Argos S. A. controlling entity, as well as those corresponding to subsidiaries, associates, and joint ventures.

| | Legal reserve | Reserve for shares repurchase | Other reserves | Total reserves |
|---|---|---|---|---|
| **December, 2022** | | | | |
| Cementos Argos S. A., controlling entity | 166,166 | 113,797 | 10 | 279,973 |
| Subsidiaries, associates and joint ventures | 3,863 | - | 167,704 | 171,567 |
| **Total Cementos Argos S. A. and investees** | **170,029** | **113,797** | **167,714** | **451,540** |
| | | | | |
| **December, 2021** | | | | |
| Cementos Argos S. A., controlling entity | 123,055 | 113,797 | 10 | 236,862 |
| Subsidiaries, associates and joint ventures | 3,810 | - | 147,509 | 151,319 |
| **Total Cementos Argos S. A. and investees** | **126,865** | **113,797** | **147,519** | **388,181** |

### LEGAL RESERVE

National companies are obliged to appropriate as a legal reserve 10% of their annual net profits until the reserve balance is equivalent to 50% of the subscribed capital. As of December 31, 2022, and 2021, the legal reserve value amounts to $170,029 and $126,865, respectively. For both years, said reserve is above what is legally established.

The reserve is not distributable before the Company liquidation, but it should be used to absorb or reduce annual net losses. Appropriations made in excess of the 50% mentioned above are freely available by the General Shareholders ' Meeting.

### RESERVE FOR SHARES REPURCHASE

This reserve, on the reacquired own shares, in accordance with the provisions set forth in the Commercial Code, is only distributable to the shareholders until the shares are sold again. As long as the shares belong to the Company, the rights inherent to them will be suspended.

### RESERVE FOR TAX PROVISIONS

It is a mandatory reserve that originates in the requirement made by the Colombian Tax Statute, to appropriate the equivalent of 70% of the greater value requested for tax depreciation over the accounting. According to legal provisions, this reserve can be released to the extent that the subsequently recorded depreciations exceed those requested annually for tax purposes, or the assets that generated the greatest value deducted are sold.

### OCCASIONAL RESERVES AT THE DISPOSAL OF THE HIGHEST SOCIAL BODY AND OTHER RESERVES

In addition to the reserves established by law or the bylaws, the General Shareholders' Meeting may constitute freely available reserves for specific purposes.

## 28.2. Other comprehensive net income attributable to the controller

During 2022 and 2021, the Group made no transfers from other comprehensive income to retained earnings.

## 28.3. Impact of ncifs first-time implementation

The impact of NCIFs application of unrealized assets and liabilities and retroactive adjustments due to the change in investment property policy is not distributable to shareholders.

# NOTE 29: DIVIDENDS

The General Shareholders' Meeting held on March 18, 2022 decreed dividends on common and preferred shares of $281.20 per share per year, payable in four quarterly installments of $70.30 per share, beginning on April 18, 2022 for a total value of $387,965.

During the period, Cementos Argos S. A. decreed and made the following dividend payments:

| | 2022 | | | 2021 | |
|---|---|---|---|---|---|
| **Declared dividends** | **Shares** | **$ dividend per share** | **Total** | **Declared dividends** | **Total** |
| **Cementos Argos S.A.** | | | | | |
| Ordinary dividend (on ordinary shares) | 1,151,672,310 | - | - | 127.60 annually | 146,953 |
| Ordinary dividend (on preferred shares) | 209,197,850 | 281.20 | 58,826 | 127.60 annually | 26,694 |
| Extraordinary dividend (on ordinary shares) | 1,170,478,742 | - | - | 79.97 annually | 93,603 |
| Extraordinary dividend (on preferred shares) | 209,197,850 | - | - | 79.97 annually | 16,730 |
| Ordinary dividend (on ordinary shares) | 1,170,478,742 | 281.20 | 329,139 | | - |
| | | | **387,965** | | **283,980** |
| Non-controlling interests | | | 75,339 | | 105,433 |
| | | | **463,304** | | **389,413** |
| *Declared dividends, equity* | | | 460,878 | | 386,895 |
| *Declared dividends, liabilities* | | | 2,426 | | 2,518 |

| | 2022 | | | 2021 | | | |
|---|---|---|---|---|---|---|---|
| **Paid dividends** | **Over No. of shares** | **$ dividend per share** | **Total paid in cash** | **$ dividend per share** | **Paid in cash** | **Paid in shares** | **Total paid** |
| **Cementos Argos S.A.** | | | | | | | |
| Ordinary dividend (on ordinary shares) | 1,151,672,310 | | - | 83.73 – 127.60 | 146,369 | 97,017 | 243,386 |
| Extraordinary dividend (on ordinary shares) | 1,170,478,742 | | - | 79.97 | 93,603 | - | 93,603 |
| Ordinary dividend (on ordinary shares) | 1,170,478,742 | 210.90 | 246,854 | | - | - | - |
| Ordinary dividend (on preferred shares) | 209,197,850 | 210.90 | 44,120 | 83.73 – 127.60 | 40,990 | 3,221 | 44,211 |
| Extraordinary dividend (on preferred shares) | 209,197,850 | | - | 79.97 | 16,730 | - | 16,730 |
| | | | **290,974** | | **297,692** | **100,238** | **397,930** |
| Non-controlling interests | | | 77,538 | | 111,455 | - | 111,455 |
| | | | **368,512** | | **409,147** | **100,238** | **509,385** |

Dividends paid on preferred shares in 2021 should consider an additional $769 of the 2019 passive PDU, for a total paid of $58,489.

# NOTE 30: NON-CONTROLLING INTERESTS

| | 2022 | 2021 |
|---|---|---|
| **Opening balance** | **954,687** | **872,816** |
| Profit share of the year | 72,527 | 92,804 |
| Ordinary dividends distributed in cash | (75,339) | (105,433) |
| Non-controlling interest generated by other comprehensive income | 183,692 | 120,344 |
| Changes in subsidiaries ownership without loss of control | - | (25,772) |
| Purchase commitments to minorities | (85,018) | - |
| Participation by other equity movements | 135 | (72) |
| **Closing balance** | **1,050,684** | **954,687** |

# NOTE 31: INCOME FROM ORDINARY ACTIVITIES

## 31.1. Income composition from ordinary activities

The Group's income for the period for continuing operations excludes income from investments (Note 36 Financial income):

| | 2022 | 2021 |
|---|---|---|
| Income from the sale of goods | 11,618,828 | 9,755,650 |
| Revenue from services provision and others | 65,227 | 62,039 |
| | **11,684,055** | **9,817,689** |

Cementos Argos consolidated operating income is generated mainly by cement and ready-mixed concrete sale. Our concrete businesses are the main customer of our cement production. Sales of our products between geographic or operating segments are made at market prices comparable to those made with third parties. Our cement and ready-mix concrete sales are highly dependent on the construction industry performance, including residential, commercial and infrastructure projects, in each of the countries where we operate or sell our products. Fluctuations in the construction industry behavior significantly affect the cement and ready-mix concrete volumes that we are able to sell, as well as the selling prices that we can receive for our products, which are detailed below, in Note 32 Segment Reporting.

## 31.2. Contractual balances from contracts with clients

The Group has no balance for contract assets. The movement of contract liabilities during the period is presented below:

| | 2022 | 2021 |
|---|---|---|
| **Opening Balance** | **97,065** | **82,376** |
| Advances and income received in advance | 105,833 | 99,152 |
| Amounts included in contract liabilities that were recognized as revenue in the current period | (97,065) | (82,376) |
| Foreign currency translation result | 1,381 | (2,087) |
| **Closing Balance** | **107,214** | **97,065** |

## 31.3. Performance obligations

The balance at the end of the period of performance obligations for $107,214 (2021: $97,065), is expected to be satisfied in a period of less than one year.

As of December 31, 2022 and 2021, the Group has no commitments that are estimated to generate losses.

# NOTE 32: SEGMENT REPORTING

## 32.1. Operating segments, products and services that generate revenue from those segments

Management has determined its operating segments based on the financial information provided to the Cementos Argos S. A. Steering Committee, whose members periodically monitor the business results to make decisions regarding the resources to be allocated and evaluate their performance. The cement, ready-mixed concrete and aggregates business is organized and managed across the three main geographic regions in which the Group has a presence: Colombia, Panama and the Caribbean, and the United States, in which the Group operates through subsidiary companies. The Group has a fourth segment called others, which contains the results of other businesses, as well as corporate overhead that is not allocated to any particular operational segment. This segment is managed independently given the difference in the nature of its operations and the risks and benefits associated with it.

The three geographic segments generate their revenue from the cement, ready-mixed concrete and aggregates business, as follows:

Cement, which includes activities related to cement production, marketing, transport and distribution in all its forms and types, raw materials and semi-finished cement products. It also includes clinker's marketing operations. Cement plants produce a wide range of products, including clinker, general purpose cement, structural cement, Portland cement, type I, II, I/II and III cement, white cement, masonry cement and oil cement.

Ready-mixed concrete, which includes activities related to the production and marketing of ready-mixed concrete in all its forms and types. The ready-mix concrete product portfolio includes different types of ready-mix concrete for use in infrastructure, architectural and ornamental projects, public spaces, among other uses.

Aggregates are materials of natural origin (usually sand or hard rock) or by-products of other industries that by their size or composition allow the strength characteristics of concrete. These are generally subdivided into coarse and fine aggregates. The main rocks used as aggregates are limestones, conglomerates, sandstones, basalts.

The Steering Committee evaluates performance and allocates resources based on a geographic area segmentation, a product and/or service segmentation is not regularly monitored and reviewed at this level.

The Steering Committee evaluates the operating segments performance based on net sales and operating profit for each segment. These measures exclude the effects of financial income, expenses and income tax, which are not allocated to the operating segments and are managed at the entity level. The accounting policies applied to the segment reporting preparation are the same as those described in Note 2.2 Accounting Policies. The accounting policies applied to the preparation of the information by segments are the same ones described in Note 2.2 Accounting Policies. The Group has not carried out asymmetric allocations in its operating segments.

## 32.2. Operating segment financial information

| 2022 | Colombia | Caribbean and Central America | United States | Corporate and others | Total |
|---|---|---|---|---|---|
| Operating income | 3,538,036 | 3,975,959 | 7,004,066 | 5,948 | 14,524,009 |
| Minus: inter-segment | (830,495) | (1,672,065) | (335,354) | (2,040) | (2,839,954) |
| **Consolidated operating income** | **2,707,541** | **2,303,894** | **6,668,712** | **3,908** | **11,684,055** |
| Cost of sale | (1,930,916) | (1,628,698) | (5,204,760) | (3,792) | (8,768,166) |
| Depreciation and amortization | (267,446) | (118,092) | (473,547) | 55 | (859,030) |
| **Gross profit** | **509,179** | **557,104** | **990,405** | **171** | **2,056,859** |
| Other depreciation and amortization | (12,737) | (62,160) | (17,782) | (10,032) | (102,711) |
| Managing and sales expenses | (219,849) | (191,191) | (449,380) | (113,822) | (974,242) |
| Other operating income (expenses), net | 48,192 | 39,119 | 128,291 | (19,162) | 196,440 |
| Impairment value of non-current assets | - | - | (724) | 0 | (724) |
| **Operating profit (loss)** | **324,785** | **342,872** | **650,810** | **(142,845)** | **1,175,622** |
| Financial income | | | | | 52,303 |
| Financial expenses | | | | | (658,399) |
| Loss by difference in foreign exchange, net | | | | | 3,421 |
| Net interest in investee income | | | | | 7,461 |
| **Income before tax** | | | | | **580,408** |
| Income tax | | | | | (365,594) |
| **Year net income** | | | | | **214,814** |

| 2021 | Colombia | Caribbean and Central America | United States | Corporate and others | Total |
|---|---|---|---|---|---|
| Operating income | 2,814,963 | 3,138,959 | 5,731,260 | 1,951 | 11,687,133 |
| Minus: inter-segment | (393,104) | (1,171,108) | (303,365) | (1,867) | (1,869,444) |
| **Consolidated operating income** | **2,421,859** | **1,967,851** | **5,427,895** | **84** | **9,817,689** |
| Cost of sale | (1,717,445) | (1,270,770) | (4,118,930) | (42) | (7,107,187) |
| Depreciation and amortization | (226,741) | (105,551) | (472,683) | 55 | (804,920) |
| **Gross profit** | **477,673** | **591,530** | **836,282** | **97** | **1,905,582** |
| Other depreciation and amortization | (10,400) | (53,806) | (27,561) | (24,454) | (116,221) |
| Managing and sales expenses | (204,100) | (164,901) | (347,527) | (96,746) | (813,274) |
| Other operating income (expenses), net | 24,083 | 15,193 | 247,281 | (27,631) | 258,926 |
| Impairment value of non-current assets | (18,000) | - | (123) | 0 | (18,123) |
| **Operating profit (loss)** | **269,256** | **388,016** | **708,352** | **(148,734)** | **1,216,890** |
| Financial income | | | | | 32,738 |
| Financial expenses | | | | | (434,224) |
| Loss by difference in foreign exchange, net | | | | | 10,387 |
| Net interest in investee income | | | | | (8,157) |
| **Income before tax** | | | | | **817,634** |
| Income tax | | | | | (293,698) |
| **Year net income** | | | | | **523,936** |

## 32.3. Information by geographical area and significant customers

| | Revenue from external customers | | Non-current assets | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| Colombia | 2,711,449 | 2,423,946 | 4,445,243 | 4,463,524 |
| United States | 6,668,712 | 5,427,780 | 10,442,675 | 9,063,208 |
| Panamá | 412,277 | 308,290 | 901,052 | 749,964 |
| Honduras | 573,919 | 545,184 | 695,940 | 600,253 |
| Haiti | 156,028 | 180,197 | 26,298 | 30,144 |
| Dominican Republic | 383,237 | 277,914 | 92,679 | 58,818 |
| Suriname | 40,425 | 38,175 | 24,860 | 21,257 |
| Caribbean islands | 695,142 | 597,155 | 369,787 | 337,655 |
| Guatemala | 42,866 | 19,048 | 472 | 567 |
| **Total** | **11,684,055** | **9,817,689** | **16,999,006** | **15,325,390** |

For these purposes, the basis used to attribute income from external clients to countries is the location of the Company. Non-current assets include property, plant and equipment, intangible assets, investment properties, investments in associates and joint ventures, goodwill, lease rights assets and biological assets. As of December 31, 2022, and 2021, the Group does not have any clients representing 10% or more of the consolidated income.

## 32.4 Information by product and service

| | 2022 | 2021 |
|---|---|---|
| Cement | 7,273,937 | 6,045,524 |
| Concrete | 4,342,344 | 3,705,483 |
| Other products | 67,774 | 66,682 |
| **Total** | **11,684,055** | **9,817,689** |

Cementos Argos consolidated operating income is generated mainly by cement and ready-mixed concrete sale. Our concrete businesses are the main customer of our cement production. Sales of our products between geographic or operating segments are made at market prices comparable to those made with third parties.

Our cement and ready-mix concrete sales are highly dependent on the construction industry performance, including residential, commercial and infrastructure projects, in each of the countries where we operate or sell our products. Fluctuations in the behavior of the construction industry significantly affect the volumes of cement that the Company is able to sell, as well as the sales prices that the Company is able to receive for its products.

# NOTE 33: ADMINISTRATIVE AND SALES EXPENSES

Administrative and sales expenses as of December 31 comprise the following:

| | Administrative expenses | | Sales Expenses | | Administrative and sales expenses | |
|---|---|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| Staff expenses | 352,924 | 311,887 | 162,344 | 143,547 | 515,268 | 455,434 |
| Services | 134,840 | 109,953 | 37,965 | 35,730 | 172,805 | 145,683 |
| Amortization of intangible assets | 24,129 | 38,972 | 44,074 | 40,381 | 68,203 | 79,353 |
| Fees | 83,751 | 50,020 | 2,283 | 1,875 | 86,034 | 51,895 |
| Taxes | 10,846 | 3,919 | 33,643 | 29,686 | 44,489 | 33,605 |
| Maintenance and repairs | 31,499 | 29,521 | 1,411 | 1,354 | 32,910 | 30,875 |
| Property, plant and equipment depreciation | 18,763 | 20,276 | 611 | 1,289 | 19,374 | 21,565 |
| Insurances | 14,644 | 11,973 | 4,591 | 2,433 | 19,235 | 14,406 |
| Commercial debtors impairment | 1,048 | 2,863 | 13,344 | 6,482 | 14,392 | 9,345 |
| Right-of-use assets depreciation [1] | 12,652 | 12,903 | 2,480 | 2,400 | 15,132 | 15,303 |
| Contributions and affiliations | 8,003 | 8,598 | 10,821 | 9,630 | 18,824 | 18,228 |
| Leases | 5,973 | 4,333 | 1,414 | 1,213 | 7,387 | 5,546 |
| Travel expenses | 16,310 | 6,276 | 5,702 | 2,643 | 22,012 | 8,919 |
| Supplies and stationery | 3,216 | 2,483 | 1,550 | 1,141 | 4,766 | 3,624 |
| Fuel and lubricant | 1,299 | 815 | 2,784 | 1,769 | 4,083 | 2,584 |
| Adaptation and installation | 1,157 | 1,008 | 861 | 648 | 2,018 | 1,656 |
| Casino and restaurant | 1,857 | 429 | 536 | 356 | 2,393 | 785 |
| Legal expenses | 1,984 | 1,316 | 278 | 145 | 2,262 | 1,461 |
| Transportation | 863 | 1,322 | 294 | 158 | 1,157 | 1,480 |
| Representation and public relationships expenses | 1,235 | 338 | 771 | 65 | 2,006 | 403 |
| Miscellaneous | 18,465 | 25,529 | 3,738 | 1,816 | 22,201 | 27,345 |
| | **745,458** | **644,734** | **331,495** | **284,761** | **1,076,951** | **929,495** |

# NOTE 34: OTHER OPERATING INCOME (EXPENSES), NET

| | 2022 | 2021 |
|---|---|---|
| Gain from other income and expenses [1] | 120,441 | 195,812 |
| Gain on insurance recoveries and other recoveries | 73,932 | 67,000 |
| Gain on investment properties valuation, net (Note 16) | 13,029 | 42,240 |
| Gain on property, plant and equipment and other assets sale | 22,157 | 24,968 |
| Net compensation gain | 10,583 | 4,668 |
| Gain in exploitations | 6,893 | 3,459 |
| Gains on claims | 432 | 1,126 |
| Gains on investments sale in financial instruments and joint ventures | - | 84 |
| Government grant income | 286 | 43 |
| Gain on biological assets sale | 498 | - |
| Loss on investments sale in joint ventures | (17) | (2) |
| Profit (loss) of biological assets valuation, net | 772 | (331) |
| Loss due to legal process | (7,061) | (1,939) |
| Loss on donations | (12,148) | (16,355) |
| Loss on four per thousand assumed tax and other assumed taxes | (21,782) | (18,425) |
| Loss in property, plant and equipment and other assets sale and withdrawal | (11,575) | (43,422) |
| **Total, Other Operating income, net** | **196,440** | **258,926** |

[1] On March 31, 2022, Argos USA LLC - a subsidiary of Cementos Argos S.A. – sold twenty-three concrete plants, including equipment, buildings, land, and inventory to Smyrna Ready Mix Concrete, LLC. for USD 94 million. The sale price of the assets, minus the book value of the delivered assets, generated an accounting profit for businesses disposition of $93,324 (USD 21.9 million), an increase in the current tax expense of $6,507 (USD 1.5 million) and deferred tax in $55,213 (USD 13 million), presented in the other operating income and expenses and income tax lines from the consolidated income statement. The figures in pesos are updated by the exchange rates established in each cutoff date.

On June 14, 2021, Argos USA LLC - a Cementos Argos S. A. subsidiary - sold twenty–four concrete plants, including equipment, buildings, land, and inventory to Smyrna Ready Mix Concrete, LLC-for $ 184 million. The assets sale price, minus the assets delivered book value, generated an accounting income for business disposition of $ 180,163 (USD 48.1 million), and an increase in current tax expenditure by $ 6,506 (USD 1.7 million), as well as deferred tax by $ 93,642 (USD 25 million), which were presented in the other income and operating expenses and income tax lines from the consolidated income statement.

# NOTE 35: FOREIGN CURRENCY EXCHANGE GAINS, NET

| | 2022 | 2021 |
|---|---|---|
| Foreign exchange difference income | 222,075 | 126,287 |
| Foreign exchange difference expense | (218,654) | (115,900) |
| **Gains by difference in foreign exchange, net** | **3,421** | **10,387** |

# NOTE 36: FINANCIAL INCOME

| | 2022 | 2021 |
|---|---|---|
| Interest income | 29,953 | 15,685 |
| Dividends from equity investments | 22,350 | 17,053 |
| **Total financial income** | **52,303** | **32,738** |

# NOTE 37: FINANCIAL EXPENSES

| | 2022 | 2021 |
|---|---|---|
| Interest on overdrafts and bank loans | 144,610 | 100,558 |
| Interest on obligations under leases (Note 20) | 37,022 | 34,061 |
| Interest on bonds and preferred shares (Note 25 and 26) | 367,914 | 232,395 |
| Interest on financial derivatives (Note 26) | 55,791 | 36,806 |
| Other financial expenses | 54,550 | 32,696 |
| **Total interest expense on financial liabilities** | **659,887** | **436,516** |
| Minus: amounts included in qualified assets cost (Note 15) | 1,488 | 2,292 |
| **Total financial expenses** | **658,399** | **434,224** |

# NOTE 38: NET PROFIT FOR THE FISCAL YEAR

Profit for the year from continuing operations is attributed to:

| | 2022 | 2021 |
|---|---|---|
| Company controllers | 142,287 | 431,132 |
| Non-controlling interests | 72,527 | 92,804 |
| | **214,814** | **523,936** |

## 38.1. Impairment losses on financial assets

| | 2022 | 2021 |
|---|---|---|
| Loss by impairment value on trade accounts receivable | 14,392 | 9,345 |
| Losses reversal of impairment value on trade accounts receivable | 5,041 | 6,170 |

## 38.2. Depreciation and amortization expenses in profit or loss for the period

| | 2022 | 2021 |
|---|---|---|
| Property, plant and equipment depreciation | 697,560 | 672,668 |
| Right-of-use assets depreciation | 151,979 | 138,173 |
| Amortization of intangible assets | 112,201 | 110,300 |
| **Depreciation & Amortization** | **961,740** | **921,141** |

## 38.3. Employee benefits expenses

| | 2022 | 2021 |
|---|---|---|
| Cost | 1,190,058 | 1,081,114 |
| Overhead and sale | 352,924 | 311,887 |
| Selling expenses | 162,344 | 143,547 |
| **Employee benefits expenses** | **1,705,326** | **1,536,548** |

# NOTE 39: EARNINGS PER SHARE

The total basic earnings per share and the earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

| | 2022 | 2021 |
|---|---|---|
| **Total basic earnings per share, pesos per share** | **121.56** | **368.34** |
| Profit of the year attributable to controllers | 142,287 | 431,132 |
| Weighted average number of ordinary shares outstanding | 1,170,478,742 | 1,170,478,742 |

The Group does not hold financial instruments or other contracts that entitle it to receive potential common shares, so the diluted profit per share is equal to the basic profit per share.

# NOTE 40: RELATED PARTIES INFORMATION

The immediate Cementos Argos S. A. parent company is Grupo Argos S. A., with its principal address in Medellín, Colombia, which holds a share of 58.51% in the Company.

## 40.1. Qualitative information on transactions between related parties

### 40.1.1. TRANSACTIONS BETWEEN CEMENTOS ARGOS S. A. AND OUR SUBSIDIARIES OR BETWEEN OUR SUBSIDIARIES

- Clinker purchase and sale between us and our subsidiaries, and our subsidiaries among themselves, regardless of the region where they are located. The transaction involves the companies that produce clinker and sell it to the companies that produce cement, and the latter using it as a raw material to produce cement.
- Cement purchase and sale between us and our subsidiaries, and our subsidiaries among themselves, regardless of the region where they are located. The transaction involves the companies that produce cement and sell it to the companies that produce concrete, and the latter uses it as a raw material to produce concrete. In the case of purchases and sales among cement companies, cement is transferred with the purpose of being commercialized.
- Aggregates purchase and sale between us and our subsidiaries, and our subsidiaries among themselves, regardless of the region where they are located. The transaction involves the companies that produce aggregates and sell them to the companies that produce cement or concrete, and they use it as a raw material for their products.
- Provision of transportation services between Logitrans S. A. and Cementos Argos S. A., Concretos Argos S. A. and Zona Franca S.A.S. The transaction involves Logitrans S. A., as a cargo transport intermediary, outsourcing transportation of Cementos Argos S.A. products or raw materials.
- Purchase and sale of back-office services between Cementos Argos S. A. and Zona Franca Argos S. A. S.; the transaction consists of Cementos Argos S. A. providing back-office services to Zona Franca Argos S. A.S. in exchange for a consideration for them. The services provided are basically financial, administrative and technological support.
- Management support contracts between Cementos Argos, S. A. with Argos Honduras S. A., Argos Dominicana S. A., Cimenterie Nationale S. E. M., Vensur NV, Argos Puerto Rico LLC, Argos Panama and on the other hand, Argos North America Corp. has a support contract with Ciments Guyanais; The transaction consists of Cementos Argos S.A. providing management support services to the indicated subsidiaries in exchange for consideration for them. Among the services provided are basically administrative management services.
- Leasing contracts between us and our subsidiaries, and our subsidiaries among themselves, the transaction consists in that the lessor gives as lessee the right-to-use real estate and river transport fleet for the development of its activities.
- Provision of maritime transport services between Transatlantic Cement Carriers Inc. and Cementos Argos S. A. and /or its subsidiaries. The transaction consists of Transatlantic Cement Carriers Inc., acting as an intermediary of maritime transport, subcontracting with third parties the transport of raw materials products of Cementos Argos S. A. and/or its subsidiaries.

These transactions have been eliminated in the consolidated financial statements.

### 40.1.2. TRANSACTIONS BETWEEN GRUPO ARGOS S. A. AND CEMENTOS ARGOS S. A. AND/OR OUR SUBSIDIARIES

- Lease of real estate between Grupo Argos S. A. and/or its subsidiaries and Cementos Argos S. A. and/or its subsidiaries; the transaction consists of Grupo Argos S. A. and/or its subsidiaries lease spaces (offices, warehouses and/or batches) to Cementos Argos S. A. and / or its subsidiaries, so that the latter carry out their activities, whether productive or administrative.

#### 40.1.3. TRANSACTIONS THAT TAKE PLACE BETWEEN ENTITIES THAT EXERT SIGNIFICANT INFLUENCE OVER THE PARENT COMPANY AND THE GROUP.

- Cementos Argos S.A. and its subsidiaries contract real, property, and personal damage insurance, mainly through the life and general insurers that are part of Grupo de Inversiones Suramericana. This operation is carried out to cover capital losses in all the regional offices, using the risk retention and distribution schemes negotiated jointly with said insurers, all in accordance with the regulations that apply in accordance with the corresponding jurisdiction.

#### 40.1.4. TRANSACTIONS BETWEEN CONSOLIDATED CEMENTOS ARGOS S.A. AND GRUPO ARGOS. SUBSIDIARIES.

- Energy purchase and sale between Celsia S.A. and Zona Franca Argos S.A.S., the transaction consists of Zona Franca Argos S.A.S. providing energy to Celsia S.A. for marketing purposes.

#### 40.1.5. TRANSACTIONS BETWEEN THE GROUP AND INVESTMENTS IN ASSOCIATES

- Provision of business services. The transaction consists of SUMMA Servicios Corporativos Integrales S.A.S. providing specialized business services and administrative support services to Cementos Argos S.A. through the execution of an operating mandate agreement without representation, in exchange for a consideration by them. Among the services provided are basically financial, administrative, legal assistance, purchasing, human management, risks and insurance, communications and information technology services, among others. In the mandate agreement exercise, SUMMA Servicios Corporativos Integrales S.A.S. will pay all necessary expenses to carry out its operations and at the end of each period, will request the reimbursement of such expenses from Cementos Argos S.A.
- Air transport service between Internacional Ejecutiva de Aviación S.A.S. and Cementos Argos S.A. This deal consists of Internacional Ejecutiva de Aviación S.A.S. providing air transport service to Cementos Argos S.A. senior executives.

#### 40.1.6. TRANSACTIONS BETWEEN THE GROUP AND INVESTMENTS IN JOINT VENTURES

- Cement and concrete sale to Odinsa S.A. joint ventures, a Grupo Argos S.A. Subsidiary. The transaction consists of cement and concrete sale to Odinsa S.A. consortiums for the elaboration of infrastructure works in different regions of the country.
- Provision of maritime transport services between Transatlantic Cement Carriers Inc. and Trans-Atlantic Shipmanagement Ltd. The transaction consists of Trans-Atlantic Shipmanagement Ltd. (among other providers) providing the ocean freight service and ship leasing to Transatlantic Cement Carriers Inc. for the transportation of raw materials and finished products for Cementos Argos S. A. and/or its subsidiaries.

## 40.2. Transactions between related parties

The following table presents the transactions carried out during the period with the subsidiaries of our immediate parent company Grupo Argos S. A. Transactions between Cementos Argos S. A. and its subsidiaries have been eliminated in the preparation of the consolidated financial statements.

| | Parent company | Entities with significant influence in the Group | Grupo Argos parent company subsidiaries | Associated of the Group and its controller | Joint ventures of the Group and its controller | Key Management personnel | Total related parties |
|---|---|---|---|---|---|---|---|
| **2021** | | | | | | | |
| Sale of goods and other income | 338 | 17,057 | 2,568 | 598 | 10,435 | - | **30,996** |
| Purchase of goods and other expenses | 2,129 | 31,350 | 9,100 | 15,208 | 39,498 | 97,275 | **194,560** |
| Amounts receivable | 1,636 | 4,302 | 2,799 | 73 | 3,233 | - | **12,043** |
| Amounts payable | 12 | 8,047 | 1,461 | 2,676 | - | - | **12,196** |
| Lease assets | 1,598 | - | - | 16,581 | 52,447 | - | **70,626** |
| Lease liabilities | 1,435 | - | - | 23,011 | 54,714 | - | **79,160** |
| **2022** | | | | | | | |
| Sale of goods and other income | 278 | 22,326 | 3,361 | 1,836 | 1,078 | - | **28,879** |
| Purchase of goods and other expenses | 2,609 | 35,303 | 10,684 | 17,743 | 37,286 | 125,114 | **228,739** |
| Amounts receivable | 1,415 | 5,777 | 3,138 | 89 | 6,030 | - | **16,449** |
| Amounts payable | 48,373 | 5,809 | 6,486 | 5,293 | - | - | **65,961** |
| Lease assets | 1,313 | - | - | 4,666 | 33,058 | - | **39,037** |
| Lease liabilities | 1,371 | - | - | 9,962 | 35,644 | - | **46,977** |

As of December 31, 2021 and 2020, the Group has not recognized impairment and impairment expense of securities receivable with related parties. The Group has not received or provided any guarantees for balances receivable or payable to related parties. Transactions between the reporting Company and its related parties are carried out on terms equivalent to those that exist in transactions between independent parties.

The average term of accounts receivable from related parties regarding the sale of goods is 30 days. The average term of loans payable to related parties for 2022 is 5 months in pesos and 12 months in dollars, agreed at a rate of 14.06% in pesos and 5.30% in dollars, (2021: 30 days). The average term of loans receivable from related parties for 2022 is 8 months in pesos, agreed at a rate in pesos of 6.64% and for 2021 is one year, agreed at a rate in pesos of 1.89%.

### 40.3. Board of directors and key management personnel compensation

Los miembros del personal clave de la gerencia incluyen los miembros de la Junta Directiva, Comité de Nombramiento y Retribuciones, Comité de Auditoría y Finanzas, Comité de Sostenibilidad y Gobierno Corporativo, Comité Directivo (conformado por el presidente y vicepresidentes), y cualquier otro Comité que dependa directamente de las Juntas Directivas de Cementos Argos S.A. y Grupo Argos S.A., y Gerentes y sus familiares cercanos.

| | 2022 | 2021 |
|---|---|---|
| Wages and other short-term employee benefits | 112,760 | 88,081 |
| Pensions and other post-employment benefits | 6,439 | 4,772 |
| Termination benefits | 302 | 2,665 |
| Share-based payments | 5,613 | 1,757 |
| **Total compensation of key management personnel for the period** | **125,114** | **97,275** |

Key management staff members include the members of the Board of Directors, Appointment and Remuneration Committee, Audit and Finance Committee, Sustainability and Corporate Governance Committee, Steering Committee (consisting of the President and Vice-Presidents), and any other Committee that reports directly to Cementos Argos S. A. and Grupo Argos S. A. Boards of Directors, as well as to Managers and their close relatives.

## NOTE 41: BASIS FOR CONVERSION

Operations and balances in foreign currency are converted at the market representative exchange rate certified by the Banco de la República. In the preparation of the intermediate financial statements, assets and liabilities, as well as income, costs and expenses in foreign currency have been converted into Colombian pesos at the exchange rates observed on the date of each closing and average, as follows:

| | December 2022 | | December 2021 | |
|---|---|---|---|---|
| | Closing exchange rate | Average exchange rate | Closing exchange rate | Average exchange rate |
| Colombian peso | 4,810.20 | 4,257.12 | 3,981.16 | 3,747.24 |
| Dominican peso | 56.20 | 54.93 | 57.34 | 57.07 |
| Euro | 0.937 | 0.951 | 0.879 | 0,846 |
| Honduran lempira | 24.66 | 24.56 | 24.43 | 24.10 |
| Haitian Gourde | 145.37 | 115.76 | 99.87 | 89.13 |
| East Caribbean Dollar | 2.7 | 2.7 | 2.7 | 2.7 |
| Guatemalan Quetzal | 7.85 | 7.75 | 7.72 | 7.74 |

## NOTE 42: CONTINGENT LIABILITIES AND ASSETS

At the date the financial statements are issued, there are certain contingent conditions that may result in a loss for Cementos Argos S. A. or its subsidiary companies. These contingencies are estimated by Management and its legal advisors based on their professional judgment. Considering the processes variability, it is possible that the probability of occurrence will vary in the future.

In estimating contingencies, legal advisors evaluate, among other aspects, the merits of the claims, the related jurisprudence and the status of each of the processes to date. These matters are considered to be resolved without any significant effect on our operations, financial position or operations results.

## 42.1. Contingent liabilities

At the preparation date of the notes to the financial statements, we state that Cementos Argos S. A. or its subsidiary companies are parties to legal proceedings of different nature, acting both as plaintiffs and defendants, which have been diligently attended by qualified lawyers hired by each company. Conflicts are of labor, civil, administrative, criminal and tax character. This type of litigation arises in the ordinary course of business of any company the size of Cementos Argos S.A., and the Company expects a probable outflow of resources. We believe that the estimated time of resolution for these processes ranges between three (3) and eight (8) years, approximately.

**LITIGATION RELATED TO TRANSMILENIO**

Due to pavement structural defects of the North Highway Project in Bogotá D.C. developed by Transmilenio S. A. (hereinafter "Project"), a public interest claim is underway against the Mayor's Office of Bogotá, the Urban Development Institute , Concretos Argos S. A. S. and certain public officials and Project providers. The public interest claim points out that Concretos Argos S. A. S., together with other suppliers, supplied construction materials without complying with the required technical specifications, and as a result, structural defects were generated in the pavement of the Project.

In a judgment of first instance, Concretos Argos S. A. S. was ordered to carry out publications associated with the violation of consumer rights and asking for apologies. The aforementioned public interest claim is pending for a decision of second instance after the appeal and closing arguments presented by all the parties.

**PUERTO NARE VALORIZATION**

In December 2018, Cementos Argos S.A. filed an action for nullity and restoration of rights against a resolution of recovery contribution for the "Puerto Nare - Puerto Triunfo" road rectification and paving, in the Antioquia department, for $18.126. The lawsuit was admitted, and, in its reply, the Antioquia department called in guarantee the firm that carried out the appraisal study. The Company presented a brief ruling on the answer to the lawsuit and requested again the suspension of the administrative act that contains the recovery contribution. We have not recorded any accounting provision considering that we have enough arguments to distort the payment obligation attributed to the Company.ión contable al considerar que tenemos suficientes argumentos para desvirtuar la obligación de pago atribuida a la compañía.

**SOUTHEAST READY MIX, LLC ET AL. VS. ARGOS NORTH AMERICA CORP. ET AL.**

This is a lawsuit filed by two competitors in July 2017 before the U.S. District Court for the Northern District of Georgia. The lawsuit alleges violations of the Savannah, Georgia ready-mix market competition law by two of the company's indirect subsidiaries and other defendants. Considering the preliminary stage of the process, it is not possible to determine a contingency at this time.

**PRO SLAB, INC. ET AL. VS. ARGOS USA LLC. ET. AL.**

This is a class action lawsuit filed in November 2017 in the United States District Court for the District of South Carolina. The lawsuit alleges violations of the Savannah, Georgia ready-mix market competition law by two of the company's indirect subsidiaries and other defendants. Considering the preliminary stage of the process, it is not possible to determine a contingency at this time.

## 42.2. Contingent assets

As at the preparation date of the notes to the financial statements, Cementos Argos S. A. and its subsidiaries are not parties to judicial proceedings, acting as a plaintiff, where the income or recovery of contingent assets exceeding five billion pesos is expected individually. In addition, there are executive processes initiated by Cementos Argos S. A. and its subsidiaries against third parties for the portfolio recovery through judicial means. We believe that the estimated time of resolution for these processes ranges between three (3) and eight (8) years, approximately.

# NOTE 43: EVENTS OCCURRED AFTER THE REPORTING PERIOD

As of January 1, 2023, the group has modified the internal organization structure in such a way that the composition of the operating segments on which it is reported has changed, separating the Caribbean Region into three operating segments, as follows: 'Caribbean', 'Central America' and 'Trading'. The two new operating segments (Central America and Trading) were presented as of December 31, 2022 as part of the 'Caribbean and Central America' segment of Note 32.2. Financial statements presented as of December 31, 2022, have no measurement or presentation effects due to this change.

Between December 31, 2022 and the issuance date of the Group consolidated financial statements, no subsequent events have occurred that may affect the financial statements already presented.

# CERTIFICATION FROM THE LEGAL REPRESENTATIVE OF THE COMPANY

Dear
Shareholders
CEMENTOS ARGOS S.A.
Medellín

**The undersigned Cementos Argos S.A. Legal Representative**

## CERTIFIES HEREBY:

That the annual separate financial statements ended on December 31, 2022, do not contain any faults, inaccuracies, or substantial errors that might prevent knowing the actual equity situation or the operations undertaken by Cementos Argos S.A. The foregoing is with the purpose of complying with Article 46 from Act 964/2005.

In witness whereof, I have hereunto set my hand on February 21, 2023.

**Juan Esteban Calle Restrepo**
Legal representative

# CERTIFICATION FROM THE LEGAL REPRESENTATIVE AND THE ACCOUNTING CORPORATE MANAGER OF THE COMPANY

The undersigned Cementos Argos S.A. Legal Representative and Accounting Corporate Manager do hereby certify that, in accordance with Article 37 from Act 222/1995, the annual separate financial statements ended on December 31, 2022, haven been faithfully taken from the books and that before being made available to you and third parties, we have verified the following statements contained therein:

1. All existing assets and liabilities, as well as all transactions recorded, have been carried out during said years.

2. All economic facts carried out by the Company have been recognized.

3. Assets represent probable future economic benefits (rights), and liabilities represent probable future economic engagements (obligations), obtained by or on behalf of the Company.

4. All elements have been recognized by their appropriate values according to the applicable Financial Reporting Standards in Colombia.

5. All economic facts affecting the Company have been correctly classified, outlined, and revealed.

In witness whereof, I have hereunto set my hand on February 21, 2023

**Juan Esteban Calle Restrepo**
Legal representative

**Óscar Rodrigo Rubio Cortés**
Accounting corporate manager
T.P. 47208-T

**KPMG S.A.S.**
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## STATUTORY AUDITOR'S REPORT

To the Shareholders
Cementos Argos S.A.:

### Opinion

I have audited the separated financial statements of Cementos Argos S.A. (The Company), which comprise the separated statement of financial position as of December 31, 2022, and the separated statements of comprehensive income, changes in equity, and cash flows for the year then ended, and their respective notes that include the summary of significant accounting policies and other explanatory notes.

In my opinion, the aforementioned separated financial statements attached to this report present fairly, in all material respects, the no consolidated financial position of the Company as of December 31, 2022, the no consolidated financial performance of its operations, and it's no consolidated cash flows for the year then ended, in conformity with Accounting and Financial Reporting Standards accepted in Colombia, applied uniformly with the previous year.

### Basis for opinion

I conducted my audit by International Standards on Auditing (ISAs) accepted in Colombia. My responsibilities under those standards are further described in the Statutory Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Company, by the Accounting Professionals Code of Ethics Issued by the International Ethics Standards Board for Accountants (IESBA Code), included in the Information Assurance Standards accepted in Colombia together with the ethical requirements established in Colombia that are relevant to my audit of the separated financial statements, and I have fulfilled my ethical responsibilities by these requirements and the IESBA Code mentioned. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### Key Audit Matters

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the separated financial statements of the current period. These matters were addressed in the context of my audit of the separated financial statements as a whole, and informing my opinion thereon, and I do not provide a separated opinion on these matters.

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| Assessment of the recoverability of deferred tax assets (See note 4 and 9 to the separated financial statements) | |
|---|---|
| **Key Audit Matter** | **How was this addressed in the audit** |
| The Company has recognized in the separated state of financial position a significant deferred tax of $123,976 million, originated from tax losses and other tax credits.<br><br>This represents a key audit matter because assessing the recoverability of such assets involves complex judgments related to the determination of estimates on the company's projected taxable profits, as well as in estimating the periods over which the asset is expected to be recovered. | My audit procedures to assess the recoverability of deferred tax assets included but were not limited to, the following:<br><br>- Involvement of professionals with experience and knowledge in valuation, comparison of key assumptions used by the Company in determining projected pre-tax results, with independent recalculations and information obtained from external sources, when available.<br><br>- Involvement of professionals with experience and knowledge in taxes, evaluation of the main assumptions on which the tax adjustments made to pre-tax income determined based on the financial projections, as well as the period of reversal of temporary differences, the expiration of tax losses and other tax credits, and the tax strategies proposed by the Company. |

**Other matters**

The separated financial statements as of and for the year ended December 31, 2021 are presented solely for comparative purposes, were audited by me and I expressed an unmodified opinion on those financial statements in their report dated February 17, 2022.

## Other information

The responsibility for the other information rests with Management. The other information comprises the information included in the Integrated Report but does not include the separate financial statements and my corresponding audit report, nor the management report on which I pronounce in the section on Other legal and regulatory requirements, by established in article 38 of Law 222 of 1995. The information contained in the Integrated Report is expected to be available to me after the date of this audit report.

My opinion on the separate financial statements does not cover the other information and I do not express any assurance conclusion on it.

Regarding my audit of the separate financial statements, my responsibility is to read the other information and, in doing so, consider whether there is a material inconsistency between that information and the separate financial statements, or my knowledge obtained in the audit, or whether in any way, it appears that there is a material misstatement.

When I read the content of the Integrated Report, if I conclude that there is a material misstatement in this other information, I am obliged to report this fact to those charged with government corporate.

**Responsibilities of Management and those in charge with the Company's governance for the separate financial statements**

Management is responsible for the fair preparation and presentation of these separate financial statements by Accounting and Financial Reporting Standards accepted in Colombia. This responsibility includes designing, implementing, and maintaining the internal control relevant that management considers necessary for the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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

Those in charge of corporate government are responsible for overseeing the Company's financial reporting process.

**Statutory Auditor's responsibilities for the audit of the separate financial statements**

My objectives are to obtain reasonable assurance about whether the separate financial statements, considered as a whole, are free from material misstatement, whether due to fraud or error and to issue an audit report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted by 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 aggregate, they could reasonably be expected to influence the users' economic decisions taken based on these separate financial statements.

As part of an audit conducted by ISAs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is enough and appropriate to provide a basis for my 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 for the audit to design audit procedures that are appropriate in the circumstances.

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

- Conclude on the appropriate use of the going concern hypothesis by management and, based on the audit evidence obtained, whether a material uncertainty exists related to

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events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I would conclude that a material uncertainty exists, I am required to draw attention in my statutory auditor's report to the related disclosure in the separate financial statements or, if such disclosure is inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

I communicate to those in charge with the Company's governance, among other matters, regarding the planned scope and timing for the audit, as well as significant audit findings, including any significant deficiency in internal control that I identify during my audit.

Obtain enough and appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the separate financial statements. I am responsible for the direction, supervision, and performance of the audit. I remain solely responsible for my audit opinionI also provide those in charge with corporate government with a statement that I have complied with relevant ethical requirements regarding independence and communicate them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those in charge with corporate government, I determine those matters that were of most significance in the audit of the separate financial statements of the current period, and therefore they are the key audit matters. I describe these matters in my statutory auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Report about other legal and regulatory requirements**

1. Based on the results of my tests, I believe during 2022:

    a) The Company's bookkeeping has been performed in conformity with legal rules and accounting pronouncements.

    b) The operations recorded in the books conform with the bylaws and decisions of the General Shareholders' Meeting.

    c) The correspondence, account vouchers, minutes ledger, and shares registry ledger are duly kept and maintained.

    d) The management report prepared by management agrees with the accompanying financial statements, which includes evidence about the free circulation of invoices issued by sellers or suppliers. The correspondence, the vouchers of accounts and the books of minutes, and the record of shares have been properly maintained.

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e) The information contained in the contribution returns submitted to the Social Security System, specifically the information on affiliates and their salary base for determining contributions, has been prepared from the accounting records and supporting documentation. The Company is up to date in the payment of contributions to the Social Security System.

In compliance with the requirements of articles 1.2.1.2. and 1.2.1.5. of Single Regulatory Decree 2420 of 2015, in development of the Statutory Auditor's responsibilities contained in numerals 1) and 3) of article 209 of the Code of Commerce, related to the evaluation whether the Society's management performance is by the bylaws and the orders or instructions of the General Shareholders' Meeting and if there are and are adequate the measures of internal control, preservation, and custody of the Society's assets or third parties' assets in its possession, I issued a separate report dated February 21, 2023.

(Original version issued in Spanish and signed by)
Gonzalo Alonso Ochoa Ruiz
Statutory Auditor
Professional License 43668 - T
Appointed by KPMG S.A.S.

February 21, 2023

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**(FREE TRANSLATION OF THE REPORT ISSUED IN SPANISH)**
**STATUTORY AUDITOR'S INDEPENDENT REPORT ON THE COMPLIANCE WITH NUMERALS 1º) AND 3º) OF ARTICLE 209 OF CODE OF COMMERCE**

To the Shareholders
Cementos Argos S.A.

**Main matter description**

As part of my duties as Statutory Auditor and in compliance with Articles 1.2.1.2 and 1.2.1.5 of Single Regulatory Decree 2420 of 2015, amended by Articles 4 and 5 of Decree 2496 of 2015, respectively, I must report on compliance with numerals 1) and 3) of Article 209 of the Code of Commerce, detailed as follows, by Cementos Argos S.A. hereinafter "the Society" as of December 31, 2022, as a conclusion of independent reasonable assurance, that the management performance has complied with the statutory and the General Shareholders' Meeting provisions and that there are adequate internal control measures, in all material aspects, by the criteria indicated in the paragraph called Criteria of this report:

1º) If the Society's management performance conforms with the bylaws and the instructions or decisions of the General Shareholders' Meeting, and

3) If there are and are adequate measures of internal control, maintenance, and custody of the Society's assets or third parties' assets in its possession.

**Responsibility of Management**

The Society's Management is responsible for the compliance with the bylaws and the General Shareholders' Meeting decisions and designing, implementing, by and maintaining adequate internal control measures, including the Money Laundering and Terrorism Financing Prevention Integral System for the maintenance and custody of the Society's assets and third parties' assets in its possession, in accordance with what is required in the internal control system implemented by the administration and in Part III, Title V, Chapter I of the Basic Legal Circular of the Financial Superintendency of Colombia.

**Statutory Auditor's responsibility**

My responsibility is to examine whether the Society's management performance conforms to the bylaws and the General Shareholders' Meeting's decisions and if there are and are adequate the internal control, maintenance, and custody measures of the Society's assets or third parties' assets in its possession and report thereon expressing an independent reasonable security conclusion based on the evidence obtained. I performed my procedures by the International Standard on Assurance Engagements 3000 (Review) accepted in Colombia (International Standard on Assurance Engagements - ISAE 3000, issued by the International Auditing and Assurance Standards Board (IAASB), that was translated into Spanish and issued in 2018. Such standard requires that I plan and perform the procedures necessary to obtain reasonable assurance about compliance with the bylaws and the General Shareholders' Meeting decisions and whether there are and are adequate the measures of internal control, maintenance, and custody of the Society's assets and third parties' assets that are in its possession, by the requirements of the internal control system implemented by management, in all material aspects.

The Accountants Firm to which I belong and who appointed me as the Society's statutory auditor, applies the International Quality Control Standard No. 1 and, consequently, maintains a complete quality control system that includes policies and procedures documented in compliance with ethical requirements, applicable legal and regulatory professional standards.

I have complied with the independence and ethics requirements of the Code of Ethics for Accounting Professionals issued by the International Ethics Standards Board for Accountants - IESBA, which is based on fundamental principles of integrity, objectivity, professional competence, and due care, confidentiality, and professional behavior.

The procedures selected depend on my professional judgment, including the risk assessment that the management performance does not conform to the bylaws and decisions of the General Shareholders' Meeting and that the internal control, conservation, and custody measures of the Society's assets and those of third parties that are in its possession are not properly designed and implemented, by the requirements of the internal control system implemented by management and in Part III, Title V, Chapter I of the Basic Legal Circular of the Financial Superintendency of Colombia.

This reasonable assurance engagement includes obtaining evidence for the year ending December 31, 2022. Procedures include:

- Obtaining a written representation from Management about whether the management performance conforms to the bylaws and the General Shareholders' Meeting's decisions and if there are adequate measures of internal control, maintenance, and custody of the Society's assets and third parties' assets in its possession, by the requirements of the internal control system implemented by management and in Part III, Title V, Chapter I of the Basic Legal Circular of the Financial Superintendency of Colombia.

- Reading and verifying compliance with the Society's bylaws.

- Obtaining a management certification on the meetings of the General Shareholders' Meeting, documented in the minutes

- Reading the General Shareholders' Meeting's minutes and the bylaws and verification of whether the management performance conforms to them.

- Inquiries with Management about changes or modification projects to the Society's bylaws during the period covered and validation of its implementation.

- Evaluation of whether there are and are adequate the measures of internal control, maintenance, and custody of the Society's assets and third parties' assets that are in its possession, by the requirements of the internal control system implemented by management, and in Part III, Title V, Chapter I of the Basic Legal Circular of the Financial Superintendency of Colombia, which includes:

    - Design, implementation, and operating effectiveness tests on the relevant controls of the internal control components on the financial report, that included the requirements in Part III, Title V, Chapter I of the Basic Legal Circular of the Financial Superintendency of Colombia and the elements established by the Society, such as control environment, risk assessment process by the entity, the information systems, control activities, and monitoring to controls.

    - Evaluation of the design, implementation, and operating effectiveness of relevant, manual, and automatic controls of the key business processes related to the significant accounts of the financial statements.

    - Issuance of letters to management with my recommendations on deficiencies in internal control considered insignificant that were identified during the statutory audit work.

    - Follow-up of the matters included in the letters of recommendation that I issued about the deficiencies in internal control considered not significant.

**Inherent limitations**

Due to the inherent limitations to any internal control structure, there may be effective controls at the date of my examination that change that condition in future periods, because my report is based on selective tests and for the evaluation of internal control has the risk of becoming inadequate due to changes in the conditions or because the degree of compliance with the policies and procedures may deteriorate. On the other hand, the inherent limitations of internal control include human error, failures due to the collusion of two or more people, or inappropriate oversight of controls by the administration.

**Criteria**

The criteria considered for the evaluation of the matters mentioned in the paragraph Main Matter Description include: a) the bylaws and the minutes of the General Shareholders' Meeting and, b) the internal control components implemented by the Society, such as the control environment, the risk assessment procedures, its information and communications systems, and the monitoring of controls by the administration and those in charge of corporate governance, which is based on the established in the internal control system implemented by the administration and in Part III, Title V, Chapter I of the Basic Legal Circular of the Financial Superintendency of Colombia.

**Conclusion**

My conclusion is based on the evidence obtained on the matters described and is subject to the inherent limitations outlined in this report. I believe that the audit evidence I have obtained provides a reasonable assurance basis for my conclusion expressed below:

In my opinion, the management performance conforms to the bylaws and the General Shareholders' Meeting's decisions and the measures of internal control, including the Money Laundering and Terrorism Financing Prevention Integral System for the maintenance and custody of the Society's assets and third parties' assets in its possession, in accordance with what is required in the internal control system implemented by the administration and in Part III, Title V, Chapter I of the Basic Legal Circular of the Financial Superintendency of Colombia.

(Original version issued in Spanish and signed by)
Gonzalo Alonso Ochoa Ruiz
Statutory Auditor of Cementos Argos S.A.
Registration 43668 - T
Member of KPMG S.A.S

February 21, 2023

**Cementos Argos S. A.**

# SEPARATE STATEMENT OF FINANCIAL POSITION

As of December 31, 2022 and 2021 | Millions of Colombian Pesos

| | Notes | 2022 | 2021 |
|---|---|---|---|
| **ASSETS** | | | |
| Cash and cash equivalents | 5 | $ 102,518 | $ 72,771 |
| Derivative financial instruments | 6 | 66,715 | 16,263 |
| Other financial assets | 7 | 471,098 | - |
| Trade and other accounts receivable, net | 8 | 755,069 | 269,116 |
| Current tax assets | 9 | 53,359 | 81,292 |
| Inventories | 10 | 267,812 | 170,746 |
| Other non-financial assets | 11 | 36,819 | 31,350 |
| Assets held for sale | 18 | 1,078 | 2,625 |
| **Total current assets** | | **$ 1,754,468** | **$ 644,163** |
| Trade and other accounts receivable, net | 8 | 26,875 | 112,845 |
| Investments in subsidiaries | 14 | 11,529,199 | 10,166,246 |
| Investments in associates and joint ventures | 13 | 7,979 | 1,358 |
| Derivative financial instruments | 6 | 59,094 | 15,974 |
| Other financial assets | 7 | 1,198,919 | 858,522 |
| Intangible assets, net | 15 | 192,942 | 211,677 |
| Right-of-use lease assets, net | 20 | 43,920 | 74,125 |
| Biological assets | 12 | 19,470 | 19,953 |
| Property, plant and equipment, net | 16 | 2,379,768 | 2,344,537 |
| Investment properties | 17 | 103,528 | 100,768 |
| Deferred tax asset | 9 | 123,976 | 202,605 |
| Other non-financial assets | 11 | 6,241 | - |
| **Total non-current assets** | | **$ 15,691,911** | **$ 14,108,610** |
| **TOTAL ASSETS** | | **$ 17,446,379** | **$ 14,752,773** |
| **LIABILITIES** | | | |
| Financial obligations | 19 | 1,441,228 | 858,777 |
| Liability for lease right-of-use | 20 | 9,790 | 15,508 |
| Trade liabilities and accounts payable | 21 | 420,103 | 333,941 |
| Current tax liabilities | 9 | 11,376 | 8,446 |
| Employee benefits liability | 22 | 79,529 | 76,584 |
| Provisions | 23 | 18,791 | 17,388 |
| Derivative financial instruments | 6 | 21,908 | 1,360 |
| Outstanding bonds and preferred shares | 24 | 458,288 | 317,884 |
| Other non-financial liabilities | 11 | 112,978 | 105,205 |
| **Total current liability** | | **$ 2,573,991** | **$ 1,735,093** |
| Financial obligations | 19 | 631,806 | 280,607 |
| Liabilities for lease right-of-use | 20 | 27,677 | 50,392 |
| Employee benefits liability | 22 | 149,165 | 193,739 |
| Derivative financial instruments | 6 | 649 | 1,879 |
| Provisions | 23 | 22,261 | 32,452 |
| Outstanding bonds and preferred shares | 24 | 2,740,741 | 2,926,871 |
| **Total non-current liabilities** | | **$ 3,572,299** | **$ 3,485,940** |
| **TOTAL LIABILITIES** | | **$ 6,146,290** | **$ 5,221,033** |
| Issued capital | 26 | 2,242,551 | 2,242,551 |
| Repurchased own shares | 27 | (113,797) | (113,797) |
| Reserve | 27 | 473,796 | 410,438 |
| Accumulated income | 28 | 2,112,654 | 2,452,904 |
| Other comprehensive income | 27 | 6,584,885 | 4,539,644 |
| **EQUITY** | | **$ 11,300,089** | **$ 9,531,740** |
| **TOTAL LIABILITIES AND EQUITY** | | **$ 17,446,379** | **$ 14,752,773** |

The accompanying notes are an integral part of these separate financial statements.

**Juan Esteban Calle Restrepo**
Legal Representative
(See attached certification)

**Óscar Rodrigo Rubio Cortés**
Corporate Accounting Manager
P.C. 47208 - T
(See attached certification)

**Gonzalo Alonso Ochoa Ruiz**
Statutory Auditor P.C. 43668-T
KPMG S.A.S. member.
(See my report of February 21, 2023)

Cementos Argos S. A.

# SEPARATE STATEMENTS OF INCOME AND OTHER COMPREHENSIVE INCOME

As of December 31, 2022 and 2021 I Millions of Colombian Pesos

| | Notes | 2022 | 2021 |
|---|---|---|---|
| **Continued operations** | | | |
| Operating income | 29 | $ 2,126,921 | $ 1,624,450 |
| Cost of sales | 10 | (1,422,749) | (1,237,448) |
| **Gross profit** | | **$ 704,172** | **$ 387,002** |
| Overhead expenses | 30 | (255,299) | (251,341) |
| Selling expenses | 31 | (80,265) | (69,937) |
| Other operating income (expense), net | 32 | 19,319 | (5,894) |
| Impairment of assets value | | - | (18,000) |
| **Operating profit** | | **$ 387,927** | **$ 41,830** |
| Financial income | 33 | 42,813 | 21,619 |
| Financial expenses | 34 | (509,562) | (294,582) |
| Gains by difference in foreign exchange, net | 37 | 16,424 | 10,085 |
| Net share in investee income | 13,14 | 350,282 | 693,283 |
| **Profit before income tax** | | **$ 287,884** | **$ 472,235** |
| Income tax | 9 | (145,655) | (41,159) |
| **Year net profit** | | **$ 142,229** | **$ 431,076** |
| | | | |
| **OTHER COMPREHENSIVE INCOME NET FROM TAX** | | | |
| **Headings that will not be subsequently reclassified to the period income:** | | | |
| Gains due to new measurements of defined profit obligations | 22 | 25,940 | 47,789 |
| Gains from equity investments at fair value | | 339,829 | 133,935 |
| Income tax on headings that will not be reclassified | 9 | (12,123) | (12,630) |
| **Total headings that will not be reclassified to the period income** | | **$ 353,646** | **$ 169,094** |
| **Headings that will be subsequently reclassified to the period income:** | | | |
| Net gains from cash flow hedging instruments | | 66,668 | 26,714 |
| Gains by differences in foreign exchange from converting foreign business | | 1,640,369 | 1,074,631 |
| Income tax on headings that will be reclassified | | (15,442) | (6,191) |
| **Total headings that will be reclassified to the period income** | | **$ 1,691,595** | **$ 1,095,154** |
| **Other comprehensive income, net from tax** | | **$ 2,045,241** | **$ 1,264,248** |
| | | | |
| **TOTAL COMPREHENSIVE INCOME FOR THE PERIOD** | | **$ 2,187,470** | **$ 1,695,324** |

The accompanying notes are an integral part of these separate financial statements.

**Juan Esteban Calle Restrepo**
Legal Representative
(See attached certification)

**Óscar Rodrigo Rubio Cortés**
Corporate Accounting Manager
P.C. 47208 - T
(See attached certification)

**Gonzalo Alonso Ochoa Ruiz**
Statutory Auditor
Professional License 43668 - T
Appointed by KPMG S.A.S.
(See my report of February 21, 2023)

Cementos Argos S. A.

# SEPARATE STATEMENT OF CHANGES IN EQUITY

As of December 31, 2022 and 2021 I Millions of Colombian Pesos

| | Notes | Issued capital | Repurchased own shares | Legal reserve | Other reserves | Accumulated income | Other comprehensive income | Cementos Argos S.A. Equity without investee | Reserves in investee | Accumulated income in investee | Other comprehensive income | Total equity |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Balance as of January 1, 2021** | | **$ 2,142,313** | **(113,797)** | **115,242** | **327,467** | **751,326** | **613,868** | **3,836,419** | **156,668** | **1,477,618** | **2,661,528** | **8,132,233** |
| Period income | 35 | - | - | - | - | (262,207) | - | (262,207) | - | 693,283 | - | 431,076 |
| Other comprehensive period income, net from income tax | | - | - | - | - | - | 156,237 | 156,237 | - | - | 1,108,011 | 1,264,248 |
| **Comprehensive period income** | | **$ -** | **-** | **-** | **-** | **(262,207)** | **156,237** | **(105,970)** | **-** | **693,283** | **1,108,011** | **1,695,324** |
| Ordinary dividends paid on common shares | 28 | 97,017 | - | - | - | (97,017) | - | - | - | - | - | - |
| Preferred dividends paid in common shares | 28 | 3,221 | - | - | - | (3,221) | - | - | - | - | - | - |
| Ordinary dividends declared in cash | 28 | - | - | - | (93,603) | 231,229 | - | 137,626 | - | (281,166) | - | (143,540) |
| Preferred dividends declared in cash | 28 | - | - | - | (16,730) | 30,117 | - | 13,387 | - | (51,073) | - | (37,686) |
| Reserve establishment | 27 | - | - | 7,813 | - | 7,136 | - | 14,949 | - | (14,949) | - | - |
| Reserve release | 27 | - | - | - | (103,328) | 103,328 | - | - | - | - | - | - |
| Other variations | 27 | - | - | - | - | 1,130,699 | - | 1,130,699 | 16,909 | (1,262,199) | - | (114,591) |
| **Balance as of December 31, 2021** | | **$ 2,242,551** | **(113,797)** | **123,055** | **113,806** | **1,891,390** | **770,105** | **5,027,110** | **173,577** | **561,514** | **3,769,539** | **9,531,740** |
| **Balance as of January 1, 2022** | | **$ 2,242,551** | **(113,797)** | **123,055** | **113,806** | **1,891,390** | **770,105** | **5,027,110** | **173,577** | **561,514** | **3,769,539** | **9,531,740** |
| Period income | 35 | - | - | - | - | (208,053) | - | (208,053) | - | 350,282 | - | 142,229 |
| Other comprehensive period income, net from income tax | | - | - | - | - | - | 347,697 | 347,697 | - | - | 1,697,544 | 2,045,241 |
| **Comprehensive period income** | | **$ -** | **-** | **-** | **-** | **(208,053)** | **347,697** | **139,644** | **-** | **350,282** | **1,697,544** | **2,187,470** |
| Ordinary dividends declared in cash | 28 | - | - | - | - | 200,202 | - | 200,202 | - | (529,341) | - | (329,139) |
| Preferred dividends declared in cash | 28 | - | - | - | - | 38,208 | - | 38,208 | - | (94,608) | - | (56,400) |
| Reserve establishment | 27 | - | - | 43,111 | - | 26,223 | - | 69,334 | - | (69,334) | - | - |
| Effect of changes in income tax and occasional income tax rates in Colombia | 9 | - | - | - | - | (13,743) | - | (13,743) | - | (19,947) | - | (33,690) |
| Other variations | 27 | - | - | - | - | (364) | - | (364) | 20,247 | (19,775) | - | 108 |
| **Balance as of December 31, 2022** | | **$ 2,242,551** | **(113,797)** | **166,166** | **113,806** | **1,933,863** | **1,117,802** | **5,460,391** | **193,824** | **178,791** | **5,467,083** | **11,300,089** |

The accompanying notes are an integral part of these separate financial statements.

**Juan Esteban Calle Restrepo**
Representante legal
(Ver certificación adjunta)

**Óscar Rodrigo Rubio Cortés**
Gerente corporativo de Contabilidad
T.P. 47208-T
(Ver certificación adjunta)

**Gonzalo Alonso Ochoa Ruiz**
Revisor fiscal T.P. 43668-T
Miembro de KPMG S. A. S.
(Véase mi informe del 21 de febrero de 2023)

Cementos Argos S. A.

# SEPARATE CASH FLOW STATEMENT

As of December 31, 2022 and 2021 | Millions of Colombian Pesos

| | Notes | | 2022 | | 2021 |
|---|---|---|---|---|---|
| **CASH FLOW FROM OPERATION ACTIVITIES** | | | | | |
| **Year profit** | 35 | $ | 142,229 | $ | 431,076 |
| **Adjustments to reconcile profit:** | | | | | |
| Depreciation & amortization | 16,35 | | 153,210 | | 162,654 |
| Deferred income tax | 9 | | 56,504 | | 10,721 |
| Current income tax | 9 | | 89,151 | | 30,438 |
| Financial income | 33 | | (42,813) | | (21,619) |
| Financial expenses | 34 | | 509,562 | | 294,582 |
| Provisions and defined benefit post-employment allowance plans | | | (2,605) | | 5,591 |
| Net impairment of financial assets and inventories | | | 1,019 | | 9,607 |
| Impairment of assets value | 16 | | - | | 18,000 |
| (Gain) loss by difference on foreign exchange | 37 | | (10,379) | | 2,598 |
| (Gain) loss by measurement at fair value | | | (3,783) | | 224 |
| Net gain of subsidiaries, associates and joint ventures share | 13,14 | | (350,281) | | (693,283) |
| Gain on non-current assets disposal | | | (6,492) | | (3,313) |
| Other adjustments to reconcile profit | | | (1,579) | | 3,642 |
| **Changes in working capital of:** | | | | | |
| (Increase) in inventories | 10 | | (88,464) | | (11,616) |
| (Increase) in debtors and other account receivables | 8 | | (101,562) | | (103,588) |
| (Increase) in other non-financial assets | | | (12,746) | | (2,174) |
| Increase (decrease) in creditors, other accounts payable, and other liabilities | | | 38,534 | | (124,928) |
| **Total adjustments to reconcile net profit and changes in working capital** | | | **227,276** | | **(422,464)** |
| **Net cash flow from operation activities** | | **$** | **369,505** | **$** | **8,612** |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | | | |
| Amounts used to capitalize associates or joint ventures | 13 | | - | | (492) |
| Acquisition of associates and joint ventures | 13 | | (6,942) | | - |
| Acquisition in Subsidiaries | 14 | | (1,146) | | - |
| Capitalization in Subsidiaries | 14 | | (35,854) | | - |
| Acquisition of investments in financial instruments | | | (483,443) | | (22,413) |
| Proceeds from sale of financial assets | | | 34,331 | | 44,565 |
| Proceeds from the sale of shares in investees | | | .- | | 4,984 |
| Purchases of property, plant and equipment, and investment properties | 16 | | (155,226) | | (76,067) |
| Received dividends | | | 303,446 | | 672,699 |
| Proceeds from sale of property, plant and equipment, and investments | 16 | | 8,692 | | 33,957 |
| Purchases of intangible assets | 15 | | (3,883) | | (52) |
| Proceeds from the sale of intangible assets | **15** | | 570 | | - |
| Proceeds from sale of biological assets | 12 | | 1,753 | | 120 |
| **Net cash flow (used) provided by investing activities** | | **$** | **(337,702)** | **$** | **657,301** |
| **CASH FLOW FROM FINANCING ACTIVITIES** | | | | | |
| Proceeds from loans | | | 2,395,472 | | 973,482 |
| Payments of loans and debt instruments | | | (1,671,295) | | (925,886) |
| Proceeds from bonds issuance | | | 302,771 | | - |
| Paid interest | | | (403,360) | | (243,055) |
| Paid dividend on ordinary shares | 28 | | (246,854) | | (239,973) |
| Paid dividend on preferred shares | 28 | | (44,120) | | (57,719) |
| Outstanding bond payments | | | (381,149) | | (283,918) |
| Lease liabilities payments | | | (16,214) | | (74,967) |
| Collections of financial derivatives | | | 62,693 | | 22,667 |
| **Net cash flows used in financing activities** | | **$** | **(2,056)** | | **(829,369)** |
| Net increase (decrease) in cash and cash equivalents | | | 29,747 | | (163,456) |
| **Cash and cash equivalents at beginning of period** | **5** | **$** | **72,771** | **$** | **236,227** |
| **Cash and cash equivalents at the end of the period** | **5** | **$** | **102,518** | **$** | **72,771** |

The accompanying notes are an integral part of these separate financial statements.

**Juan Esteban Calle Restrepo**
Legal Representative
(See attached certification)

**Óscar Rodrigo Rubio Cortés**
Corporate Accounting Manager
P.C. 47208 - T
(See attached certification)

**Gonzalo Alonso Ochoa Ruiz**
Statutory Auditor
Professional License 43668 - T
Appointed by KPMG S.A.S.
(See my report of February 21, 2023)

# NOTES TO THE SEPARATE FINANCIAL STATEMENTS

As of December 31, 2022 and 2021
(Million Colombian pesos and Thousand American dollars, unless otherwise specified)

## NOTE 1: GENERAL INFORMATION

Cementos Argos S.A. (the Company) is a commercial corporation, incorporated in accordance with Colombian laws on August 14, 1944, headquartered in the city of Barranquilla, Atlántico department, Republic of Colombia. The company's business purpose is the cement industry exploitation, the production of concrete mixes and any other materials or items made from cement, lime or clay, the acquisition and exploitation of minerals or exploitable minerals deposits in the cement industry and similar, the rights to explore and mine the aforementioned minerals, whether by concession, privilege, lease or any other title. The term of the Company expires on August 14, 2060, with an extended duration. The headquarters address is Carrera 53 No 106–280 Centro Empresarial Buenavista Piso 17, Barranquilla. There are no branches established in Colombia or abroad.

Cementos Argos S.A. is part of Grupo Empresarial Argos, whose parent company is called Grupo Argos S.A.

The Board authorized on February 21, 2023, the consolidated financial statements issuance of the Company for the year ended on December 31, 2022.

## NOTE 2: BASIS FOR PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

### 2.1. Compliance Status

The separate financial statements have been prepared in accordance with the Accounting and Financial Reporting Standards accepted in Colombia for Group 1 entities (NCIF Group 1) established in Law 1314 of 2009, regulated by Single Regulatory Decree 2420 of 2015 modified by Decrees 2496 of 2015, 2131 of 2016, 2170 of 2017, 2483 of 2018, 2270 of 2019, 1432 of 2020, 938 of 2021 and 1611 of 2022. The Group 1 IFRS are based on the complete International Financial Reporting Standards (IFRS), issued and officially translated into Spanish by the International Accounting Standards Board (IASB).

Additionally, the Company, in compliance with laws, decrees, and other regulations in force, applies the following accounting criteria, issued specifically for Colombia by regulatory entities:

- External Circular No. 36/2014 from the Financial Superintendency of Colombia – The accounting treatment of the positive net differences generated in IRFS first-time application may not be distributed to stem losses, carry out capitalization processes, distribute profits and/or dividends, or be recognized as reserves. Negative net differences will not be considered for technical equity, minimum capital to operate, or other legal controls, for financial information preparers, and security issuers subject to control.
- Decree 2496 of December 23, 2015 – which determines that parameters for accounting the post-employment benefits must correspond to Decree 2783/2001 as the best market approximation. For 2016, Decree 2131 from December 22, 2016, eliminated the obligation to apply these assumptions for the measurement of post-employment benefits, allowing the application of the IAS 19 – Employee Benefits requirements, and these requirements being applicable only for financial information disclosure purposes. Decree 1625 of 2016 determines that the pension liabilities calculation must be disclosed in accordance with the parameters established in said standard and in the case of partial pension commutation, in accordance with Decree 1833/2016, as well as the differences arising from the calculation carried out in accordance with IAS 19 – Employee Benefits.
- Decree 2617 of December 29, 2022 – Alternative recognition and presentation of the effects on deferred tax applicable in Colombia: The value of the deferred tax derived from the change in the income tax rate and the change in the occasional income tax rate, for the taxable period 2022, may be recognized in the accumulated income of previous years. The Colombian companies that are part of Grupo Cementos Argos S.A. have opted for this alternative and have recognized as of December 31, 2022, the effect associated with the rate change in the equity item of retained profit, as follows: (i) income tax of $0 and (ii) occasional income tax of $13,743.

Para efectos legales en Colombia, los estados financieros separados son los estados financieros principales.

## 2.2. Basis for Preparation and Accounting Policies

### 2.2.1. BASIS FOR PREPARATION

The separate financial statements include Cementos Argos S.A. financial statements as of December 31, 2022. These have been prepared on a historical cost basis, except for the measurement of certain financial assets and liabilities, derivative financial instruments, investment properties, and biological assets that have been measured at fair value. The Company does not measure non-financial assets or liabilities at fair value on a recurring basis, except investment property and biological assets. Financial statements are presented in Colombian pesos, which is the functional currency of the Company's parent company, and all values in Colombian pesos are rounded up to the closest million. Also, values in dollars are rounded up to the closest thousand, unless otherwise indicated.

The separate financial statements have been prepared on the accounting basis of accumulation or accrual, except for the cash flow information. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received when selling an asset or would be paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation method. When estimating the fair value of an asset or a liability, the Company considers the asset or liability characteristics if the market participants take into account these characteristics to value the asset or liability at the measurement date. The fair value, for purposes of measurement and/or disclosure of these financial statements, is determined on that basis, except for payment transactions based on actions within the IFRS 2 scope, leasing transactions within the IAS 16 scope, and measurements that have some similarities in fair value but are not fair value, such as the realizable value in IAS 2 or value in use in IAS 36.

Additionally, for financial information purposes, fair value measurements are categorized as Level 1, 2, or 3 based on the degree to which the entries to fair value measurements are observable and the importance of the entries to fair value measurements as a whole, which are described as follows:

- Level 1 entries are quoted prices (not adjusted) in active markets for identical assets and liabilities, to which the company has access on the measurement date;
- Level 2 entries are entries, which are different from the quoted prices included in Level 1 and are observable for an asset or liability, either directly or indirectly; and
- Level 3 entries are unobservable entries for an asset or liability.

### 2.2.2. ACCOUNTING POLICIES

### SIGNIFICANT ACCOUNTING POLICIES

The following are the significant accounting policies applied by the Company in the preparation of its separate financial statements:

#### 1. Cash and Cash Equivalents

Cash and cash equivalents in the financial position and in the cash flow statements include money in cash and in banks, highly liquid investments that are easily convertible into a certain amount of cash and subject to an insignificant risk of changes in value, with a maturity of three months or less from the date of acquisition.

#### 2. Financial Instruments

Financial assets and liabilities are initially recognized at their fair value plus (minus) directly attributable transaction costs, except for those that are measured later at fair value with changes in the income statement. The Company subsequently measures financial assets and liabilities at an amortized cost or fair value, depending on the Company's business model for managing financial assets and the characteristics of the contractual cash flows of the instrument.

**Financial Assets**

Financial assets other than those at amortized cost are subsequently measured at fair value with recognized changes in the period income statement. However, for investments in equity instruments that are not held for negotiation purposes, the Company may choose, during the initial recognition and irrevocably, to present the profits or losses from fair value measurements in other comprehensive income. When disposing of investments at fair value through other comprehensive income, the accumulated value of profits or losses is transferred directly to retained earnings and is not reclassified as income for the period. Cash dividends received from these investments are recognized in the income statement. The Company has chosen to measure some of its investments in equity instruments at fair value in other comprehensive income. A financial asset is subsequently measured at amortized cost, using the effective interest rate. If the asset is held within a business model whose objective is to hold them in order to obtain cash flows and its contractual terms grant, on specific dates, cash flow which is only principal and interest on the value of the outstanding principal.

A financial asset or part of it is written off from the separate financial position statement when it is sold, transferred, it matures or control is lost over the contractual rights or cash flows of the instrument, or when the financial asset is transferred, and transfer meets with requirements for derecognition. A financial liability or part of it is written off from the separate statement of financial position when the contractual obligation has been settled or has matured. When derecognizing a financial asset or part of it, the difference between its book value and the sum of the consideration received is recognized in the period income (including any new asset obtained minus any liability assumed).

When an existing financial liability is replaced by another from the same counterpart on substantially different terms, or if the terms of an existing liability are substantially modified, such an exchange or modification is treated as a write-off of the original liability and the recognition of the new liability, and the difference in the respective book values, are recognized in the income statement.

**Financial Assets Impairment**

The impairment model according to IFRS 9 shows the expected credit losses. The Company records expected credit losses from debt securities, trade accounts receivable, and leases at the end of the reporting period. In the calculation of expected credit losses under IFRS 9, the Company applies a simplified approach, which allows to not track changes in the credit risk but recognizes a provision for losses based on expected credit losses during the asset's lifetime on each reporting date; that is, to recognize the expected credit losses resulting from possible breach events during the expected lifetime of the financial instrument. In cases where there is objective evidence that a financial asset is impaired, the Company recognizes an individual impairment loss provision, excluding the collective impairment evaluation under the expected loss model.

To determine the expected credit losses, the Company has used a provision matrix based on the number of days that a trade account receivable is in default, i.e., by grouping the portfolio by ranges of overdue days and applying to the balances of accounts receivable an expected default percentage on the measurement day for each range of overdue days.

The default percentage according to overdue days in portfolio is determined using the transition matrix methodology, according to the Markov chains theory. Each subsidiary's portfolio is segmented into two homogeneous groups, industrial business, and mass business.

Loss from impairment is recognized in the overhead expense and costs of sale in the Company's separate income statement. When there is confirmation that the trade account receivable will be uncollectible, the gross book value of the account receivable is then written off in accounts against the associated provision.

**Financial Liabilities**

The initial recognition of financial liabilities is carried out at fair value and subsequently valued at the amortized cost, using the effective interest method. Losses and profits are recognized in the income statement when liabilities are written off, as well as accrued interest using the effective interest method. The amortized cost is calculated taking into account any discount or premium on acquisition and installments or costs that are an integral part of the effective interest method.

The effective interest method is the method used to calculate the amortized cost of a financial asset or a financial liability and for the distribution and recognition of interest income or interest expense in the income, for the period throughout the corresponding period. The amortized cost of a financial asset or financial liability is the cost at which it was measured on initial recognition, less principal repayments, plus or minus, the cumulative amortization, using the effective interest method, of any difference between the initial amount and the amount at maturity and, for financial assets, adjusted for any value adjustments for losses.

Liabilities with minority interests have been recognized in accordance with IAS 32 in the "Other financial liabilities" account, to the extent that there are options to put their shares and purchase obligations by the Company, even if the possibility of exercising the said option is remote.

**Financial Derivatives**

Financial derivatives are recorded in the separate statement of financial position at their fair values, taking into account the market curves in force at the valuation date. The accounting for changes in the fair value of derivatives depends on the use of the derivative and its designation as an accounting hedging instrument. Certain derivatives embedded in other financial instruments (implicit derivatives) are treated as separate derivatives when their risk and characteristics are not closely related to the host contract, and it is not recorded at fair value with their unrealized profits and losses included in the income statement.

To mitigate risks in foreign currency transactions and exposure to interest rates, the Company undertakes natural hedging and financial hedging operations by using derivative financial instruments, mainly derivative swap contracts, and forward contracts. All derivatives in force have been designated as accounting hedging instruments for cash flow or fair value in accordance with the IAS 39 Financial Instruments criteria. The Company does not use derivative instruments or any other public financial instruments for speculative purposes.

Certain derivative transactions that do not qualify to be accounted for as derivatives for hedging are treated and reported as derivatives for negotiation, even though they provide effective hedging for the management of risk positions. The Company formally appoints and documents the relationship for derivatives that qualify to be accounted for as hedge accounting, at the beginning of the hedging relationship, and also documents the goals of the risk management and the hedging strategy.

Swap operations relate to financial transactions in which the Company, through a contractual agreement with a bank, exchanges cash flows with the purpose of reducing the risks related to currency, rate, term, or issuer, and also relate to the restructuring of assets or liabilities.

Forward transactions and currency swap transactions are used to hedge the exchange rate risk in operations of foreign currency debt, to hedge future cash flows with a high probability of occurrence, such as the Company's monthly exports, and with the purpose of balancing the Company's currency exposure by taking advantage of what, in the Administration's opinion, is considered favorable market conditions. The existence of this agreement has no impact on the underlying debt valuation.

The Company also uses interest rate swaps to manage its exposure to interest rates. In the case of interest rate Swaps, there is no exchange of capital, and the Company is responsible for its debts with defined amounts and terms, the accounting record is independent of the swap. These exchanges aim to convert financial instruments either from fixed to variable or from variable to fixed.

Management documents the hedging relationship from the time of initial recognition. This documentation includes, but is not limited to, the following:

- Designation, including identification of the hedging instrument, hedged item or transaction, or hedging relationship, hedging objective, and risk management strategy;
- Designation and hedging relationship, hedging objective, and risk management strategy;
- Designation date of the accounting hedge; and
- Procedure to assess the effectiveness of the hedging and method to evaluate the effectiveness of the prospective and retroactive hedging and its periodicity.

Such hedges are expected to be highly effective in offsetting the changes in fair value or cash flows and are being constantly evaluated to determine that this has been so throughout the reporting periods for which they were designated. For hedge accounting purposes and for those applying to the Group, hedges are classified and accounted for as follows, once the strict criteria for accounting are met:

- Fair value hedges, when they hedge exposure to changes in the fair value of recognized assets or liabilities or unrecognized firm commitments. In fair value hedging relationships, changes in the fair value of the hedged item and the hedging instrument are recognized and offset in the separate income statement for the period, presented as financial cost or income. The change in fair value of the hedged item attributable to the hedged risk is recorded as part of the book value of the hedged item and is also recognized in the statement of comprehensive income under the income statement section as a financial income or cost.
- Cash flow hedges, when hedging exposure to variations in the cash flows attributed either to a particular risk associated with a recognized asset or liability or to a highly probable foreseen transaction or to the exchange rate risk related to an unrecognized firm commitment. In cash flow hedging relationships, changes in the fair value of the hedging instrument are recognized directly in the other comprehensive income, separated by the effective hedging portion. Thus, the ineffective portion is recognized in the separate financial income or expenses. The profits or losses recognized in equity are reclassified later to the separate income statement when the hedged item affects the Company's separated income.

In highly probable transactions hedging relationships, changes in the fair value of the hedging instrument are directly recognized in the other comprehensive income, separated by the effective hedging portion. Thus, the ineffective portion is recognized in the separate financial income or expenses. Profits or losses recognized in equity are reclassified at the end of the hedging relationship to the same account of the hedged item.

The effective portion of the profit or loss from measuring the hedging instrument is immediately recognized in the other comprehensive statement, whereas the ineffective portion is recognized immediately in the statement of comprehensive income under the income statement section as a financial cost.

The values recognized in the other comprehensive income are reclassified to the statement of comprehensive income under the income statement section when the hedged transaction affects the income, just as the hedged financial income or financial expense is recognized, or when the foreseen transaction takes place. When the hedged item constitutes the cost of a non-financial asset or liability, the values recognized in the other comprehensive income are reclassified to the initial book value of the non-financial asset or liability. If the foreseen transaction or firm commitment is no longer expected to take place, the cumulative gain or loss previously recognized in the other comprehensive income is reclassified to the statement of comprehensive income under the income statement section.

If the hedging instrument matures or is sold, resolved, or exercised without a replacement or successive renewal of a hedging instrument for another hedging instrument, or if its designation as a hedge is revoked, any cumulative profit or loss previously recognized in other comprehensive income remains in the other comprehensive income, until the foreseen operation or firm commitment affects the result.

Derivatives that are not designated as hedges for accounting purposes under IAS 9 are measured at fair value.

**2. Provisions for Decommissioning, Restoration and Rehabilitation**

The Company recognizes as part of the cost of a property, plant, and equipment item when there is a legal or implicit obligation to dismantle an asset or restore the site where it was built, the present value of the estimated future costs expected to be incurred for the dismantling or restoration.

The provision for decommissioning or restoration is recognized at the present value of estimated future disbursements to pay the obligation. Cash flows adjusted to reflect liability risks are discounted at a risk-free rate before taxes.

The estimated future cash flows for decommissioning or restoration are reviewed periodically. Changes in estimates, in the expected disbursement dates, or in the discount rate used to discount flows are recognized as an increase or decrease of the decommissioning cost included in the property, plant, and equipment item. The change in the provision value associated with the passage of time is recognized as a financial expense in the comprehensive income statement.

**3. Exploration and Evaluation Disbursement**

The Company recognizes as a period expense for mineral resources evaluation and exploration, those disbursements incurred before demonstrating the technical feasibility and commercial viability of an exploitation project, even if they are directly related to or associated with the activity of mineral resources exploration and evaluation. If disbursements meet the conditions for recognition, then they are recorded as intangible assets. These expenses will be recognized at the disbursed value at the time they are incurred.

**4. Fair Value Measurements**

Fair value is the price that would be received when selling an asset or would be paid to transfer a liability in an orderly transaction between market participants on the measurement date. The fair value of all financial assets and liabilities is determined as of the financial statements' presentation date, for recognition or disclosure in the notes to the separate financial statements. Judgments include data such as liquidity risk, credit risk, and volatility. Changes to the hypotheses about these factors might affect the reported fair value for financial instruments.

**5. Foreign Currency**

Transactions in foreign currencies corresponding to those transactions in currencies other than the Company's functional currency are recorded initially at the exchange rate of the functional currency in force on the transaction date. Later, the monetary assets and liabilities in foreign currencies are converted at the exchange rate of the functional currency in force on the closing date of the period. Non-monetary headings measured at their fair value are converted using the exchange rates of the date when their fair value is determined, and non-monetary headings measured at historical cost are converted using the exchange rates determined to be applicable on the date of the original transaction and have not been re-converted.

All exchange rate differences of monetary headings are recognized in the income statement, except for monetary headings that provide an effective hedge for a net investment in a foreign business, as well as those that come from investments in shares classified at fair value through equity. For the presentation of the Company's separate financial statements, the assets and liabilities of foreign operations have been converted into Colombian pesos at the exchange rate in force on the reporting period closing date. Revenues, costs and expenses, and cash flows are converted at the average exchange rates of the period unless these fluctuate significantly during the period, in which case the exchange rates on the date on which the transactions are carried out, are used. Any exchange rate differences that arise, as the case may be, are recognized in other comprehensive income and are accumulated in equity (attributed to non-controlling interests when appropriate).

When disposing of a foreign operation, including the disposal of the Company's total participation in a foreign operation and disposal involving the partial sale of a stake in a joint venture or associate that includes a foreign operation in which the retained participation becomes a financial asset, all exchange differences accumulated in equity relating to that attributable operation to the owners of the Company are reclassified from equity to the separate period income.

Additionally, regarding a subsidiary partial disposal (which includes a foreign operation), the entity will again attribute the proportional share of the accumulated amount of the exchange differences to the non-controlling interests, and they are not recognized in profit or loss. For any other partial disposals (i.e. the partial disposal of associations or joint agreements that do not involve the loss of significant influence and joint control by the Company), the company will reclassify to profits or losses only the proportional share of the cumulative amount of exchange differences.

**6. Impairment of Non-Financial Assets**

At the end of each period, the Company evaluates the existence of any indications that an asset's value may be impaired. If there are indications of impairment or at least annually for goodwill, from intangible assets with an indefinite useful life and intangible assets that are not yet in use, the recoverable asset value or the cash-generating unit(s) is estimated, the latter level when it is not possible to estimate the recoverable amount of the individual asset. When a reasonable and consistent basis of distribution is identified, common assets are also allocated to the cash-generating units or distributed to the smallest group of cash-generating units for which a reasonable and consistent distribution basis might be identified.

The recoverable value of an asset is the highest value between the fair value minus the costs of sales, whether it is an asset or a cash-generating unit, and its value in use. When estimating the value in use, estimated future cash flows are discounted from the current value using a discount rate before taxes that reflects current market valuations of the temporary value of money, as well as the specific risks for the asset for which the estimated future cash flows have not been adjusted. When the book value of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired, and the value is reduced to its recoverable amount.

When an impairment loss is reversed later, the book value of the asset (or cash-generating unit) is increased to the revised estimated value of its recoverable amount, so that the increased book value does not exceed the book value that would have been measured if the asset's (or cash-generating unit's) impairment loss had not been recognized in previous years. The reversal of an impairment loss is recognized in income.

**7. Taxes**

The expense for income tax represents the sum of the payable current income tax and the deferred tax.

**Current Income Tax**

Current assets and liabilities for the income tax of the period are measured by the values expected to be recovered or paid to the tax authority. The expense for income tax is recognized in the current tax according to the refinement made between the income tax and the accounting profit or loss affected by the income tax rate for the current year, and pursuant to the tax standards provisions of each country. The tax rates and regulations used to compute these values are those that have been approved or substantially approved by the end of the reporting period, in the countries in which the Group operates and generates taxable profits.

**Deferred Tax**

Deferred income tax is recognized using the liability method calculated on the temporary differences between the tax bases of the assets and liabilities and their book values. The deferred tax liability is recognized for temporary taxable differences and the deferred asset tax is recognized for temporary deductible differences and future offset of tax credits and unused tax losses, to the extent that the availability of future taxable income against which they may be allocated is likely. These assets and liabilities are not recognized if the temporary differences arise from the initial recognition (other than the business combination) of other assets and liabilities in an operation that does not affect the tax profit or the accounting profit.

Liabilities deferred due to temporary taxable differences associated with investments in subsidiaries and associates, and interests in joint ventures, except those where the Company is able to control the reversal of the temporary difference, and when there is the possibility that this might not be reversed in the near future, must be recognized. Deferred tax assets that arise from deductible temporary differences associated with such investments and interests, are only recognized to the extent that it is likely that the company will have future taxable profit against which the temporary differences might be charged and when there is the possibility that these might be reversed in the near future.

The book value of a deferred tax asset should be subject to revision at the end of each reporting period and should be reduced to the extent it is likely that the Company will not have sufficient tax profits in the future, in order to allow the asset to be recovered, either in total or in part. Deferred tax assets and liabilities should be calculated using the tax rates that are expected to be applicable during the period in which the asset is realized or the liability is settled based on the rates (and tax laws) that have been approved or practically approved by the end of the reporting period, after the approval process has been completed. The measurement of deferred tax liabilities and deferred tax assets will reflect the tax consequences that would occur from the manner in which the Company expects to recover or settle the book value of its assets and liabilities at the end of the reporting period. Deferred taxes are not discounted.

Deferred tax is recognized in the period income, except those related to headings recognized outside the income; in this case, they will be presented in other comprehensive income or directly in equity. In the case of a business combination when current or deferred tax arises from the initial accounting for the business combination, the tax effect is considered within the accounting for the business combination.

See note 2.1. on treatment adopted in accordance with Decree 2617 of December 29, 2022.

**8. Intangible Assets**

Intangible assets acquired separately are initially calculated at cost. The cost of intangible assets acquired in business combinations are recognized separately from goodwill at fair value at the acquisition date (which is regarded as its cost). After the initial recognition, intangible assets are carried at cost minus any accumulated amortization and any accumulated impairment losses. Internally generated costs for intangible assets, except for development costs that meet recognition criteria, are not capitalized and when disbursed, these are recognized in the comprehensive income statement at the time when they are incurred.

Disbursements arising from research activities are recognized as an expense in the period in which they are incurred. An internally generated intangible asset as a result of development activities (or of the development phase of an internal project) is recognized if, and only if, the following conditions are met:

- Technically, it is possible to complete the production of the intangible asset, so that it may be made available for use or sale;
- Its ability to complete the intangible asset in question, either to use it or to sell it;
- Its ability to use or sell the intangible asset;
- How the intangible asset will generate probable economic benefits in the future;
- The availability of adequate technical, financial, or other kind of resources, to complete its development and to use or sell the intangible asset; and
- Its ability to reliably measure the expenditure attributable to the intangible asset during its development.

The amount initially recognized for an internally generated intangible asset will be the sum of the disbursements incurred from the time when the item meets the conditions for recognition, which were set forth above. Subsequent to its initial recognition, an internally generated intangible asset will be accounted for at its cost less accumulated amortization and the accumulated amount of impairment losses, on the same basis as intangible assets that are acquired separately.

The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each period. Changes in the estimated useful life of the asset are recognized prospectively. The amortization expense of intangible assets with finite useful lives is recognized in the comprehensive income statement. Intangible assets with indefinite useful lives are not amortized but are tested for impairment.

An intangible asset is written off at the time of disposal, or when no future economic benefits from its use or disposal are expected. Profits or losses arising from the write-off of an intangible asset, calculated as the difference between the net income from the asset sale and its book value is recognized in the consolidated profits or losses at the time the asset is written off.

**9. Investments in Associates and Joint Ventures**

An associate is an entity over which the Company has considerable influence. Significant influence is the power to participate in financial policy and operational decisions of the investee, but without having absolute or joint control of it.

A joint venture is a joint agreement, whereby the parties that have joint control have rights to the net assets of the agreement. Joint control is shared control contractually agreed upon, that only exists when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The results, assets, and liabilities of the associate or joint venture are incorporated into the consolidated financial statements using the equity method, unless the investment or a portion thereof is classified as held for sale, in which case it is accounted pursuant to IFRS 5. Under this method, the investment is initially recorded at cost and adjusted with the changes in the participation of the Company and are subsequently adjusted to account for the Company's participation in profits or losses and in other comprehensive income statements of the associate or joint venture, minus any losses due to impairment of the investment.

When the Company participation in the losses of an associate or joint venture exceeds the Company participation in the associate or joint venture (including any long-term participation that is basically a part of the Company’s net investment in the associate or joint venture), the Company ceases to recognize its participation in future losses. Additional losses are recognized as long as the Company has acquired a legal or implicit obligation or has made payments on behalf of the associate or joint venture.

When the equity method applies, the necessary adjustments are made to standardize the accounting policies of the associate or joint venture with those of the Company. The share belonging to the Company is included in the obtained profits or losses and unrealized losses from transactions between the Company and the associate or joint venture. The equity method is applied from the date where the investee becomes an associate or joint venture. This is because, for example, it can occur in stages, and it is not the date of acquisition; until significant influence or joint control over the entity is lost. In the investment acquisition in the associate or joint venture, any excess of the investment cost on the distribution of the net fair value of identifiable assets and liabilities of the investee is recognized as Goodwill Credit, which is included in the amount book value for the investment.

Any excess in the Company's distribution of the net fair value of identifiable assets and liabilities over the investment cost, after having been revaluated, is immediately recorded in profit or losses for the period where the investment was acquired. IFRS 9 requirements are applied to determine whether it is necessary to account for an impairment loss regarding the Company's investment in an associate or joint venture. The entire investment carrying amount (including goodwill) is tested for impairment in accordance with IAS 36 Impairment of Assets, as an individual asset by comparing its recoverable amount (highest between the useful value and the fair value minus the disposal costs) to its book value. Any recognized impairment loss is part of the investment carrying amount. Any reversal of that impairment loss is recognized in accordance with IAS 36 until the recoverable investment amount increases later.

The Company stops using the equity method on the date where the investment ceases to be an associate or a joint venture, or when the investment is classified as held for sale. When the Company has a stake in a former associate or joint venture and the holding is a financial asset, the Company measures the holding at fair value on that date, and at the fair value considered as fair value during the initial recognition, pursuant to IFRS 9. The difference between the associate or joint venture book value on the date the equity method stopped being used and the fair value of any retained stake, and any result from the sale of a part of the stake in the associate or joint venture, is included in the profit or losses determination from the sale of the associate or joint venture.

Additionally, the Company records all previously recognized amounts in other comprehensive income regarding that associate or joint venture on the same basis that would have been required if the associate or joint venture had directly sold the assets or liabilities. Therefore, if a profit or loss previously accounted in other comprehensive income by the associate or joint venture had been reclassified to profits or losses upon selling the related assets or liabilities, the Company would reclassify the profit or loss from equity to profits or losses (as a reclassification adjustment) at the time when they stop using the equity method.

The Company continues using the equity method when an investment in an associate becomes an investment in a joint venture, or an investment in a joint venture becomes an investment in an associate. There is no recalculation at fair value at the time of such changes in ownership interests. When the Company reduces its equity stake in an associate or a joint venture but continues to use the equity method, the Company reclassifies to profits or losses the share of the profit or loss that had been previously recognized in other comprehensive income regarding that reduction in equity participation, if such a profit or loss were reclassified to profit or losses upon the sale of the corresponding assets or liabilities.

If a Company entity enters into a transaction with an associate or joint venture of the Company, the profits and losses resulting from such transactions are accounted for in the separate financial statements of the Company, solely for the portion of participation in the associate or joint venture that is not related with the Company. Goodwill arising from the acquisition of an associate, or a joint venture is included in the investment carrying amount and is not individually amortized or subjected to impairment tests.

**10. Investment Property**

Investment properties are properties (land or buildings considered, either in whole or in part, or both) that are held (by the Company or by a lessee under a financial lease) in order to earn income, capital gains, or both, instead of a) using it for goods or services production or supply, or for administrative purposes, or b) selling it in the ordinary course of operations, including investment properties under construction for such purposes; these are measured initially at their acquisition price, plus all costs associated with the transaction and non-recoverable indirect taxes, after deducting financial or commercial discounts, as well as the directly attributable costs to placing the investment property under the necessary conditions for it to operate in the manner intended by the Administration. After the initial recognition, investment properties are measured at fair value, with reference to the price that would be received on the measurement date, when disposing the asset in a market transaction. In the determination of the reasonable value, the Company hires independent experts with recognized professional capability and experience in property appraisal. Changes in fair value of investment property are recognized in the period income as they arise. Investment property may be transferred from and to property, plant, and equipment.

An investment property is written off when it is disposed of or when the investment property is permanently withdrawn from use and no future economic benefits are expected to be received from its sale. Any profit or loss arising from writing off the property (measured as the difference between the net income from the sale and the asset book value) is included in the consolidated income for the separate period where the property was written off.

**11. Non-Current Assets Held for Sale**

Non-current assets and groups of assets for disposal are classified as held for sale if their book value may be recovered through a sales transaction rather than through their continued use. These assets or groups of assets are presented separately as assets and liabilities in the statement of financial position, at either their book value or fair value minus sales costs, whichever is lower, and are not depreciated or amortized from their classification date.

This condition is considered to be met only when the sale is highly likely and the asset (or group of assets for disposal) is available for immediate sale in its present condition, subject only to the usual terms adapted for the sale of these assets (or group of assets for disposal). The Administration must be committed to making the sale, which should be recognized as a completed sale within the period of one year after the classification date.

When the Company is committed to a sales plan involving loss of control of a subsidiary, all assets and liabilities of that subsidiary are classified as held for sale when they meet the criteria described above, regardless of whether the Company is going to keep a non-controlling interest in its former subsidiary after its sale.

When the Company is committed to a sales plan involving the sale of an investment, or a portion of an investment in an associate or joint venture, the investment or portion of the investment that will be sold is classified as held for sale when the criteria described above are met, and the Company discontinues the use of the equity method regarding the portion that is classified as held for sale. Any portion retained of an investment in an associate or a joint venture that has not been classified as held for sale, will continue to be accounted under the equity method. The Company discontinues using the equity method at the time of sale when the sale results in the Company losing significant influence over the associate or joint venture.

After the sale is made, the Company recognizes any interest retained in the associate or joint venture in accordance with IFRS 9, unless the interest retained is still an associate or a joint venture, in which case the Company uses the equity method (see the accounting policy regarding the influence over an associate or joint venture). In cases where the Company undertakes to distribute an asset (or group of assets for disposal) to the owners, said non-current asset (or group of assets for disposal) is classified as held for distribution to owners. For this to be the case, the assets must be available for immediate distribution in their current conditions, and the distribution must be highly likely, i.e., activities must be underway to complete the distribution and should be expected to be completed within a year from the classification date. The Company has classified its subsidiaries in liquidation processes as groups of assets to distribute to the owners.

Revenues, costs, and expenses from a discontinued operation are presented separately from those coming from continuing operations–in a single item after income taxes–in the separate comprehensive income statement for the current period and for comparative the period of the previous year, even though the Company retains a non-controlling interest in the subsidiary after the sale.

The Company impairs a net investment in an associate or joint venture if, and only if, objective evidence indicates that one or more events, which occurred after initial recognition, have had an impact on the future cash flows of the net investment and that impact can be reliably estimated. The following events make it possible to establish whether there is objective evidence that these investments might show impairment:

- Significant financial difficulties of the associate or joint venture.
- Contract violations, such as defaults or delays in payment by the associate or joint venture.
- Granting of concessions to associates and joint ventures that would not have been granted in other circumstances.
- It becomes probable that the associate or joint venture will go into bankruptcy or some other form of financial reorganization.

- The disappearance of an active market for net investment due to financial difficulties of the associate or joint venture.
- Significant changes with adverse effect that have taken place in the environment, technological, market, economic or legal, in which the associate or joint venture operates; or
- A significant and prolonged decrease in the fair value of an investment in an associate or joint venture that is an equity instrument below its cost.

**12. Property, Plant and Equipment**

Property, plant and equipment include the amount of land, buildings, furniture, vehicles, computing equipment and other facilities owned by the consolidated entities, and which are used for the entity's operations. The Company recognizes an item of property, plant and equipment when it is likely that the asset will generate future economic benefits, it is expected to be used for a period longer than one year, or all the risks and benefits inherent to the asset have been received and its value may be reliably measured. Spare parts and permanent maintenance equipment are recognized as an item of property, plant and equipment as they meet the recognition criteria.

Fixed assets are measured at cost minus accumulated depreciation and accumulated impairment losses, if any. Trade discounts, rebates, and other similar headings are deducted from the acquisition cost of the fixed asset. Properties under construction for administrative, production or service supply purposes are recorded at cost minus any recognized impairment loss. The cost includes professional fees, decommissioning and removal direct costs, and in the case of qualifying assets, capitalized loans costs in accordance with the accounting policy of the Company. These properties are classified in the appropriate property, plant and equipment categories at the time of their completion and when they are ready for their intended use. Depreciation of these assets, as in the case of other property assets, begins when assets are ready for use. Depreciation begins when the asset is available for use and is calculated on a straight-line basis over the estimated technical useful life of the asset as follows:

| | |
|---|---|
| Buildings and constructions | 40 to 70 years |
| Aqueduct, networks and communication routes | 20 to 40 years |
| Machinery and production equipment | 10 to 30 years |
| Office, computer and communication equipment | 3 to 10 years |
| Overland transport equipment | 3 to 10 years |
| River transport fleet | 3 to 45 years |
| Mines, quarries and mineral deposits | 2 to 38 years |

Property land is not depreciated.

An item of property, plant and equipment will be written off at the time of disposal or when economic future benefits are no longer expected from their continued use.

The profit or loss arising from writing off an asset of property, plant and equipment is measured as the difference between sales revenue and the asset book value, and it is recognized in profit or losses. The assets residual values, useful lives and depreciation methods are reviewed and adjusted prospectively at each year-end, if required.

**13. Leases**

The Company recognizes leases, subleases and contracts with similar characteristics and circumstances taking into account the lessor or lessee capacity, the underlying asset, and the contract term.

At the beginning of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains a lease, if the contract transfers the right to control the use of an identified asset for a period of time in exchange for consideration. In order to assess whether a contract transfers the right to control the use of the identified assets, the Company uses the lease definition in IFRS 16.

**The Company as a Lessee**

As a lessee, at the beginning or in the modification of a contract that contains a lease component, the Company assigns consideration in the contract to each lease component based on their relative independent prices.

The Company initially recognizes on the lease start date a right-of-use asset that represents the right to use the underlying asset of the contract, as well as a lease liability, which represents its obligation to make the payments agreed upon in the contract. Right-of-use assets are measured at cost, minus any accumulated depreciation and impairment losses, and are adjusted with new lease liabilities measurements. The cost of right-of-use assets includes the value of recognized lease liabilities, initial direct costs incurred, and lease payments made before the contract start date minus any lease incentives received. Unless the Company has reasonable assurance of obtaining ownership of the leased asset at the end of the lease term, the assets recognized by the right-of-use are amortized in a straight line over the lease term. Right-of-use assets are subject to impairment.

On the lease start date, the Company recognizes the lease liabilities at the present value of the lease payments to be made during the lease term. Lease payments include fixed payments (including essentially fixed payments) minus lease incentives receivable, variable lease payments depending on an index or rate, and amounts expected to be paid based on residual value guarantees. Lease payments include the year's price of a purchase option when the Company has reasonable assurance that it will be exercised and the penalties for canceling the lease, if the lease term reflects that the Company will exercise an option to terminate the lease. Variable lease payments that do not depend on an index or a rate are recognized as an expense in the period where the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate on the lease start date if the implicit interest rate in the lease may not be readily determined. After the start date, the lease liabilities value is increased to reflect interest accrual and is reduced by the lease payments made. In addition, the lease liabilities book value is remeasured if there is a modification, a change in the lease term, a change in essentially fixed lease payments, or a change in the valuation to acquire the underlying asset.

The Company recognizes the right-of-use assets depreciation and distributes the lease payments between the financial expense and the lease obligations reductions. Financial expense is charged directly to income, unless it is directly attributable to eligible assets, in which case these are capitalized in accordance with the general borrowing costs policy. The Company recognizes leases payments for contracts with a lease term of 12 months or less and no purchase option, or contracts whose underlying asset is of low value (i.e. assets whose new value is equal to or less than 3,500 dollars for assets intended for operation, and 5,000 dollars for administrative use assets), as a lease expense minus lease incentives related, in a straight-line basis during the term corresponding to the lease, unless another systematic distribution basis is more representative to more adequately reflect the temporal pattern of the lease benefits to the lessee.

The Company presents the right-of-use assets in the lease and the lease liabilities separately in the consolidated statement of financial position. Right-of-use assets that meet the definition of investment property are presented within the investment property item.

The Company presents interest expense on the lease liability separately from the asset depreciation charge for the lease right-of-use. Interest expense on the lease liability is a financial costs component, which is presented separately in the separate comprehensive income statement.

The Company classifies in the separate cash flow statement, cash payments for principal and interest from lease payments as financing activities, and payments for short-term leases and payments for leases of low-value assets as operation activities.

**Short-Term Leases and Low-Value Asset Leases**

The Company has decided not to recognize the lease right-of-use assets and the lease liabilities for leases with a lease term of 12 months or less and no purchase option (short-term leases), and leases whose underlying asset is of low value (i.e., assets whose new value is equal to or less than 3,500 dollars for assets intended for operation, and 5,000 dollars for administrative use assets), including IT equipment. The Company recognizes the lease payment associated with these leases as a linear lease expense over the lease term.

**The Company as a Lessor**

At the beginning or when modifying a contract that contains a lease component, the Company assigns the consideration in the contract to each lease component based on their relative independent prices.

As a lessor, the Company classifies the leases as financial or operating at the beginning of the lease, evaluating the extent to which the risks and benefits derived from the asset ownership affect it. The Company classifies a lease as financial when all the risks and benefits inherent to the property are substantially transferred and operating when all the risks and benefits inherent to the property are not substantially transferred.

The Company recognizes amounts owed by lessees under finance leases as accounts receivable at the amount of the Company's net investment in the leases. Finance lease income is distributed over the accounting periods in order to reflect a regular rate of constant return on the Company's net pending investment regarding the leases.

Revenue stemming from operating leases is recorded using the straight-line method over the same period as the lease term. Initial direct costs incurred upon negotiating and agreeing upon an operating lease are added to the leased asset's book value and recorded in a straight-line basis over the lease term.

**14. Borrowing Costs**

The Company capitalizes borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, if these costs could have been avoided if no disbursements had been made for the asset. Borrowing costs are capitalized as part of the assets cost when they are likely to generate future economic benefits and may be reliably measured. The capitalization of borrowing costs starts as part of the cost of a qualified asset on the date on which the following conditions are met: a. Disbursements are made regarding the asset, b. Borrowing costs are incurred, and c. Necessary activities to prepare the asset for its intended use or sale are carried out.

The Company suspends borrowing costs capitalization during the periods where the activities of a qualifying asset are interrupted. However, borrowing costs capitalization is not interrupted by leases during a period if important technical or administrative actions are being carried out. Borrowing costs capitalization will not be suspended either when a temporary delay is necessary as part of the preparation process of a qualified asset for its intended use or sale.

Borrowing costs capitalization ends when all necessary activities to prepare a qualified asset for its intended use or sale have been substantially completed.

If the asset has components and these components may be used separately while the construction continues, the borrowing costs capitalization on these components should be stopped.

**15. Biological Assets**

The Company recognizes a biological asset or agricultural product when it controls the biological asset or agricultural product as a result of past events, it is likely it will generate future economic benefits and the cost of the biological asset or agricultural product may be reliably measured.

The Company measures biological assets both at the beginning and at the end of the period, at fair value minus selling costs. The biological asset fair value is established by its quoted market price in an active market. In the event there are different active markets for the same biological asset, the asset fair value will be determined by the price quoted in the most relevant asset market. If there is no asset market, the Company uses the following information to determine the fair value, provided it is available, and select the most reliable: a) the price of the most recent market transaction, assuming there have been no significant changes in economic circumstances between the transaction date and the end of the reporting period, b) the market price of similar assets, adjusted to reflect existing differences, c) sector benchmarks, such as plantations value expressed as a function of surfaces or capacity, weight or volume units.

Profits or losses arising from the initial recognition of a biological asset or agricultural product at fair value minus selling costs and from changes in this value are included in the income statement of the separate period when they occur.

**16. Provisions**

Provisions are recognized when the Company has a current, legal or implicit obligation as a result of a past event, it is likely that the Company will have to dispose of resources to settle the obligation, and the obligation value may be reliably estimated. In cases where the Company expects the provision to be partially or fully reimbursed, the reimbursement is recognized as a separate asset, only when such a reimbursement is virtually certain, and the amount of the account receivable may be reliably measured.

Provisions are measured with the Administration's best estimate of the future disbursements required to settle the present obligation and it is discounted using a risk-free rate. The expense related to the provisions is presented in the income statement, net from any reimbursement. The provision increase due to the passage of time is recognized as a financial expense in the income statement. The Company recognizes the present obligations, derived from an onerous contract, as provisions. An onerous contract is one in which the unavoidable costs of meeting the obligations it implies exceed the economic benefits expected to be received from it.

**Contingent Liabilities**

Possible obligations arising from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly under the control, are not recognized in the separate statement of financial position but are disclosed as contingent liabilities.

Contingent liabilities acquired in a business combination are initially measured at their fair values on the acquisition date. At the end of the subsequent reporting periods, such contingent liabilities are measured either between the amount at which it would have been recognized under IAS 37 and the amount at which it was initially recognized minus the accumulated amortization recognized under IAS 15 Revenue from ordinary activities.

**17. Post-Employment Benefit Plans**

The Company recognizes liabilities related to pensions, pension securities and bonds, retirement premiums and other post-employment benefits pursuant to the IAS 19 Employee Benefits requirements.

On December 22, 2016, the Ministry of Commerce, Industry and Tourism issued Decree 2131, whereby it is required to disclose the pension liabilities calculation, in accordance with the parameters established in Decree 1625/2016 and, in the case of partial pension commutation, in accordance with Decree 1833/2016, as well as the differences arising from the calculation carried out in accordance with IAS 19 – Employee Benefits. This information is included in Note 21 employee benefits.

The Company recognizes the benefit plans classified as contribution plans in the separate income statement as overhead or sales expense, or cost of merchandise sold according to a submission by function on the date where it occurs. The Company recognizes benefit plans classified as benefit plans defined as an asset or liability in the statement of financial position by the difference between the fair value of the plan assets and the present value of the obligation of said plan, using the Projected Unit Credit Method to determine the present value of the obligation related to the defined benefits and the cost of the current service and, where applicable, the cost of past services, at least once a year. Plan assets are measured at fair value, which is based on market price information, and, in the case of quoted securities, it constitutes the published purchase price.

The Projected Unit Credit treats each period of service as a generator of an additional entitlement unit to benefits and measures each unit separately to build up the final obligation. The Company deducts the total value of post-employment benefits obligation, even if part of it is to be paid within the twelve months following the reporting period. The estimate of the liability for post-employment benefits is carried out by an independent actuary.

Actuarial profits or losses, the yield on plan assets, and changes in the effect of the asset ceiling, excluding amounts included in the net interest on the liability (asset) of the defined net benefits, are recognized in the other comprehensive income.

Actuarial profits or losses include the effects of changes in actuarial assumptions, as well as experience adjustments. The net interest on the liability (asset) of defined net benefits includes income from interest on plan assets, interest costs for the defined benefit obligation and interest on the effect of the asset ceiling.

The current service cost, the past service cost, any liquidation or reduction of the plan are recognized immediately in the comprehensive income statement, in the statement section for the period where they arise.

**18. Investments in subsidiaries**
A subordinate or controlled company is a company where its decision-making power is subject to the will of another or others that will be its parent or controlling company, either directly, in which case it will be called a subsidiary, or through the subordinates of the parent company. in which case it will be called a subsidiary. Control is given by the fulfillment of one or more of the following cases:

**a).** Power over the investee.
**b).** Exposure, or right, to variable returns from its involvement in the investee
**c).** Ability to use its power over the investee to influence the amount of investor returns

Investments in subsidiaries are included in the separate financial statements using the equity method, except if the investment or a portion thereof is classified as held for sale, in which case it is accounted for in accordance with IFRS 5. Regarding the method of participation, investments in subsidiaries are initially recognized in the statement of financial position at cost, and are subsequently adjusted to account for the Company's participation in profits or losses and in other comprehensive income of the subsidiary.

**19. Inventories**
Assets acquired with the intention of selling them in the ordinary course of business or consumed in the rendering services process are classified as inventories. The inventory of raw materials, products in process, merchandise not manufactured for sale and finished products are measured at the acquisition cost. The Company recognizes a decrease in the value of inventories of finished goods, materials, spare parts and accessories if the cost exceeds the net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, minus the estimated costs of finalization and the estimated costs necessary to make the sale. Inventories include goods in existence that do not require transformation, materials such as minor parts and accessories for rendering services, as well as goods in transit and held by third parties.

Inventories are valued using the weighted average method and its cost includes costs related to the acquisition and those incurred to give them their current condition and location.

**20. Revenue**
IFRS 15 requires the recognition of ordinary income when the promised goods or services are transferred to customers, for the amounts that reflect the consideration that the entity expects to receive in exchange for said goods or services, through the application of a five-step approach: Step 1: Identify the contract(s) with the customer; Step 2: Identify performance obligations within the contract; Step 3: Determine the transaction price; Step 4: Assign the transaction price to each performance obligation based on the individual relative sale price of each good or service; and Step 5: Recognize ordinary income when (or to the extent that) the entity meets performance obligations by transferring control of promised goods and services to the customer. Performance obligations may be fulfilled at a point in time or over a period of time.

**Sale of Goods**
In the sale of goods, a single performance obligation is established. The Company recognizes revenue when the obligation is fulfilled, i.e., when control of the goods or services underlying the performance obligation has been transferred to the customer, at a point in time.

**Rendering Services**
The Company renders some services that are sold on their own in contracts with customers or bundled with the sale of goods to a customer. In both scenarios, revenues from service contracts are satisfied at a point of time.

IFRS 15 excludes from its scope the recognition requirements for dividend and interest revenues and operating leases, for which the Company continues to apply the same accounting treatment.

**Dividend and Interest Income**
Income from investment dividends is recognized once the shareholders' rights to receive this payment have been established (as long as it is probable that the economic benefits will flow to the company and that ordinary income can be reliably measured). Income from dividends generated from investments where the equity participation method has previously been recognized on the distributed profits, are recognized as lower investment value.

Interest income from a financial asset is recognized when it is probable that the Company will receive the economic benefits associated with the transaction and the amount of revenue from ordinary activities can be reliably measured. Interest income is recorded on a time basis, in reference to the outstanding principal and the applicable effective interest rate, which is the discount rate that exactly equals the estimated receivable or payable cash flows along the life expectation of the financial instrument with the net book value of the financial asset upon initial recognition.

**Operating Leases Revenue**
The Company policy for the revenue recognition from operating leases consists of the recognizing the payments received as revenue in the income statement on a straight-line basis throughout the useful life of the contract unless another basis of distribution is deemed representative.

**21. Related Parties**
The Company considers as a related party the subsidiaries and associates and direct joint ventures, the entities that exercise joint control or significant influence over Cementos Argos S.A., and the key management personnel, which includes the members of the Board, Nomination and Remuneration Committee, Audit and Finance Committee, Sustainability and Corporate Governance Committee, Directive Committee (made up by the President and Vice President), and any other committee that directly depends on Cementos Argos S.A. Board of Directors, as well as the Managers who have the ability to direct, plan and control activities and their close relatives.

Transactions between related parties are considered as any transfer of resources, services and obligations between the Company and a related party, as well as the outstanding balances between them at the preparation date of the separate financial statements, including any commitment and guarantee granted or received between both sides.

The information that is disclosed with related parties is provided according to the categories established by IAS 24 Related Party Disclosures, which correspond to transactions with: (a) the parent company, (b) entities with joint control or significant influence over the entity, (c) subsidiaries, (d) associates, (e) joint ventures, (f) key management personnel and (g) other related parties. Likewise, headings of a similar nature are grouped together for disclosure purposes.

The transactions characteristics with related parties do not differ from those carried out with third parties, nor do they imply differences between market prices for similar operations.

**22. Materiality**
The Group considers that information is material if its omission, inappropriate expression or obscuring could reasonably be expected to influence the decisions made by the financial statements' main users. The materiality assessment of Cementos Argos is carried out in the following 4 phases:

- Phase 1: Cementos Argos identifies information on transactions and conditions that the main users may need to understand decision-making on the resources flow to the Company. The primary users are existing and potential investors, lenders, and other creditors. The Company intends to satisfy common information needs, which includes resources, acquired rights (assets), obligations, commitments, rights against (liabilities and equity), changes in those resources (income and expenses) and the extent to which the Management and the governing bodies of the Company have efficiently and effectively fulfilled their responsibilities for the use of the entity's resources
- Phase 2: Cementos Argos assesses whether the information identified in phase 1 is material. The evaluation includes elements judged regarding the specific circumstances of the Company in terms of its nature, magnitude and a combination of both.

In this phase, quantitative and qualitative factors are evaluated. To determine the quantitative factor, the Company takes as a reference income, profitability, level of assets, liabilities and equity. Within the qualitative evaluation we consider internal factors (unusual transactions, with related parties, among others) and external (social, political, environmental, economic conditions, among others).

- Phase 3: The information identified in phase 2 is classified and organized, so that it is properly disclosed.
- Phase 4: This last phase allows re-evaluating the financial situation, financial performance and cash flows from a global perspective, to conclude that the information identified and disclosed continues to be material for the main users. This review may lead to additional information, different disaggregation, or deletion of non-material information.

**23. Going concern**

The consolidated financial statements have been prepared on a going concern basis and as of December 31, 2022 there are no material uncertainties related to events or conditions that cast significant doubt on the ability of any Group company to continue operating. The Group has the liquidity and solvency required to continue operating the business for the foreseeable future.

# NOTE 3: ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

## 3.1. IFRS INCORPORATED IN COLOMBIA AND ADOPTED AT THE PREPARATION DATE OF THE SEPARATE FINANCIAL STATEMENTS.

### 3.1.1. STANDARDS ISSUED BY THE IASB AND INCORPORATED IN COLOMBIA AS OF JANUARY 1, 2023

The accounting pronouncements issued that are applicable to the annual periods beginning after January 1, 2023 and 2024 and have not been applied in the preparation of these financial statements are presented below. The Company plans to adopt the corresponding accounting pronouncements on their respective application dates and not in advance.

**Standards and amendments issued applicable from January 1, 2023:**

- **IFRS 9 –** Financial instruments, IAS 39 – Financial instruments: recognition and measurement, IFRS 7 – Financial instruments: Disclosure: Reference Interest Rate Reform (amendments to IFRS 9, IAS 39 and IFRS 7)
- **IFRS 9 –** Financial Instruments, IAS 39 – Financial Instruments: Recognition and Measurement, IFRS 7 – Financial Instruments: Disclosure, IFRS 4 – Insurance Contracts, IFRS 16 – Leases: Reference Interest Rate Reform – Phase 2
- **IFRS 3 –** Business Combinations: Modifications by reference to the conceptual framework.
- **IAS 16 –** Property, plant and equipment. It is modified regarding the products obtained before the intended use.
- **IAS 37 –** Provisions, contingent liabilities and contingent assets, Onerous Contracts —Fulfillment cost of a Contract.
- Annual Improvements to IFRS Standards 2018–2020. Amendments to IFRS 1 - First-time Adoption of International Financial Reporting Standards, IFRS 9 - Financial Instruments and IAS 41 - Agriculture. Amendment to IFRS 1. Subsidiary adopting IFRS for the first time.
- **IAS 1 –** Presentation of financial statements. Modifications related to the classification of liabilities as current or non-current are made.
- **Extension of the Temporary Exemption from the Application of IFRS 9 –** Financial Instruments. Amendments to IFRS 4 – Insurance Contracts.

**Standards and Amendments Issued Applicable from January 1, 2024:**

- **IAS 8 -** Definition of Accounting Estimates.
- **IAS 1 –** Disclosure of information on Accounting Policies.
- **IFRS 16 -** Rental concessions related to covid-19 beyond June 30, 2021.
- **IAS 12 -** Deferred Taxes related to Assets and Liabilities arising from a Single Transaction.

These accounting pronouncements issued (not yet effective) are not expected to have a significant impact on the Company's separate financial statements.

# NOTE 4: CRITICAL ACCOUNTING JUDGMENTS AND KEY ESTIMATE SOURCES

## 4.1. Assumptions Made About The Future And Other Causes Of Estimation Uncertainty That Have A Significant Risk Of Causing Significant Adjustments In The Book Value Of Assets Or Liabilities Within The Next Accounting Period

### 4.1.1. CURRENT AND DEFERRED INCOME TAX

The Company recognizes significant amounts of current and deferred income tax in its separate financial statements given the volume of its operations and the multiple countries in which it operates. The determination of current and deferred tax is based on the best interpretation of Management of current and applicable laws and best practices of the jurisdictions in which it operates. The reasonableness of this estimate depends significantly on the Administration's ability to integrate complex tax and accounting standards, to consider the changes in the applicable laws, and the evaluation, for purposes of recognition of deferred tax assets, of the existence of enough tax profits to carry it out. An uncertain tax treatment is a tax treatment for which there is uncertainty as to whether the taxing authority will accept the tax treatment under the tax law. The Company recognizes uncertain tax positions in accordance with the IFRIC 23 requirements. The probability analysis to recognize uncertain tax positions is based on expert opinions and on the interpretation of current tax regulations in the applicable jurisdiction. Recognition of Deferred Tax Assets from Losses or Unused Tax Credits.

Management applies its judgment to determine the value and recognize the deferred tax asset from losses or unused tax credits, evaluating whether it is probable that there will be sufficient taxable income from subsequent periods for its compensation and/or recovery, together with the strategies of future tax planning.

## 4.2. Other Judgments And Estimates Made

In preparing the financial statements, the Company makes judgments and estimates in the application of accounting policies. Said judgments and estimates do not have a significant risk of causing significant adjustments in the book value of the assets or liabilities. Some of these judgments and estimates are detailed below:

- Determination of cash generating units
- Determination of Average Exchange Rates for Financial Statements Conversion
- Determination of whether an instrument meets the Hedging Accounting requirements under IAS 39
- Evaluation of Non-Financial Assets Impairment
- Determination of Lease Term for Contracts with Renewal Options and Leases Whose Term is Automatically Extended to the End of the Original Term
- Fair Value of Derivatives and Financial Assets
- Fair Value of Investment Properties
- Determination of Expected Credit Losses of Trade Debtors
- Provisions for Dismantling, Retirement or Rehabilitation
- Provisions for Contingencies, Litigation and Lawsuits
- Estimation of Useful Life and Residual Values of Property, Plant and Equipment and Intangible Assets
- Liabilities of Pension Plans and Other Defined Post-Employment Benefits

# NOTE 5: CASH AND CASH EQUIVALENTS

For purposes of the separate cash flow statement, cash and cash equivalents include cash and banks. Cash and cash equivalents at the end of the reported period in the separate cash flow statement and in the separate financial statement are:

| | 2022 | 2021 |
|---|---|---|
| Cash and banks | 102,518 | 72,771 |
| Restricted cash and cash equivalent or unavailable for use | 576 | - |

As of December 31, 2022, the Company maintains cash and cash equivalents balances restricted by agreements entered into with Universidad of Antioquia, which is a research and development project that will increase capacities in the microalgae pilot plant in Cartagena plant, in terms of systems microalgae cultivation and advance knowledge of biodiesel production to continue research. The concepts considered in the project to execute the resources co-financed by Minciencias are the following: equipment, academic events, technological services, materials and supplies, publications and results dissemination, as well as specialized consulting. The main executor in the call is Universidad de Antioquia, the entity that receives the resources from Minciencias and disburses them to the other actors involved in the project.

During the current year and comparative periods, the following investment and financing activities carried out by Cementos Argos S.A. are not reflected in the separate cash flow statement:

- Dividends declared not yet paid by Cementos Argos S.A. for a value of $96,991 (2021 $0), which correspond to $82,285 (2021 $0) of ordinary shares and $14,706 (2021 $0) of preferred shares.
- The general shareholders' meeting held on March 18, 2022, decreed cash dividends on common and preferred shares payable in four (4) equal installments.
- On March 24, 2021, at the ordinary meeting, the profit distribution project was approved, which contemplates that the dividends would be paid at the shareholder choice and could be paid as follows: 50% of the dividend payment in cash and 50% of the dividend payment in paid-up company shares; or 100% of the dividend payment in paid-up company shares. For the dividend payment in shares, the Board of Directors released 18,806,432 common shares and as a consequence, the Company subscribed and paid-in capital went from $592,569, corresponding to 1,424,445,735 shares, to $600,393, corresponding to 1,443,252,167 shares. With the approval of 587 shareholders, representing 58,24% of the company's outstanding shares, the payment in shares of $100,238 was carried out.

# NOTE 6: DERIVATIVE FINANCIAL INSTRUMENTS

| | 2022 | 2021 |
|---|---|---|
| Derivative financial assets designated as cash flow hedging instruments recorded at fair value | 125,809 | 32,237 |
| **Derivatives financial assets** | **125,809** | **32,237** |
| Current | 66,715 | 16,263 |
| Non-current | 59,094 | 15,974 |
| **Derivatives financial assets** | **125,809** | **32,237** |

| | 2022 | 2021 |
|---|---|---|
| Derivative financial liabilities designated as cash flow hedging instruments recorded at fair value | 22,557 | 3,239 |
| **Derivatives financial liabilities** | **22,557** | **3,239** |
| Current | 21,908 | 1,360 |
| Non-current | 649 | 1,879 |
| Derivatives financial liabilities | 22,557 | 3,239 |
| **Short net position in financial derivatives** | **103,252** | **28,998** |

Operations related to the Company financial derivatives as of December 2022 and 2021 are related below.

Swap Operations:

| | | | | | Underlying value I SWAP Amount | | Fair value | |
|---|---|---|---|---|---|---|---|---|
| **Swap type** | **Underlying** | **Underlying rate** | **SWAP** | **Expiration** | **2022** | **2021** | **Swap type** | **Underlying** |
| Currency | Long-term credit | Libor 3m + 1.32% | 5,39% | 02/18/2026 | USD 15,000 | USD 15,000 | 28,472 | 10,341 |
| Currency | Long-term credit | Libor 3m + 1.32% | IBR + 2.05% | 02/18/2026 | USD 15,000 | USD 15,000 | 20,543 | 5,633 |
| Interest rate | Long-term credit | 5,28% | IBR + 1.85% | 11/20/2023 | COP 160,000 | COP 160,000 | (12,675) | (1,879) |
| Interest rate | Long-term credit | 3,83% | IBR + 0.79% | 09/07/2022 | - | COP 60,000 | - | (313) |
| Interest rate | Long-term credit | 15,01% | IBR + 4.69% | 08/29/2023 | COP 30,000 | - | (365) | - |
| Interest rate | Bonds | CPI +2,24% | TF + 9.63% | 04/28/2024 | COP 150,000 | - | (357) | - |
| Interest rate | Bonds | CPI +7,19% | TF + 7.94% | 08/25/2024 | COP 150,000 | - | 3,902 | - |
| Interest rate | Bonds | CPI +4,5% | TF + 9.69% | 08/16/2024 | COP 150,000 | - | (292) | - |
| Interest rate | Bonds | CPI+3,64% | TF +8,71% (first two years). and IBR - 2% (years 3-5) | 08/24/2024 | COP 50,000 | - | 309 | - |
| Interest rate | Bonds | CPI+3,99% | TF +7.78% (first two years) and IBR – 1,78% (years 3-5) | 08/24/2027 | COP 150,000 | - | 14 | - |
| Currency | Short-term credit | SOFR 6m + 1,95% | TF + 13.46% | 04/14/2023 | USD 10,000 | - | (378) | - |
| Interest rate | Short-term credit | IBR +8,40% | 11.79% | 11/25/2023 | COP 50,000 | - | 1,686 | - |
| Interest rate | Short-term credit | IBR + 4,74% | 11.39% | 06/07/2023 | COP 30,000 | - | 345 | - |
| Interest rate | Short-term credit | IBR + 4,52% | 11.46% | 08/22/2023 | COP 50,000 | - | 107 | - |
| Interest rate | Long-term credit | IBR + 2,05% | 11.73% | 02/18/2024 | COP 53,175 | - | 2,467 | - |
| Currency | Short-term credit | SOFR 3m + 2,90% | 16.22% | 11/10/2023 | USD 40,000 | - | (8,046) | - |
| Interest rate | Long-term credit | IBR + 7,85% | 11.31% | 06/14/2024 | COP 50,000 | - | 3,386 | - |
| Interest rate | Short-term credit | IBR + 7,85% | 11.6% | 12/14/2023 | COP 100,000 | - | 3,836 | - |
| **Swap operation fair value** | | | | | | | **42,954** | **13,782** |

Forward Operations:

| | | | | | Fair value | |
|---|---|---|---|---|---|---|
| **Forward type** | **Underlying** | **Underlying value (1)** | **Forward rate** | **Expiration** | **2022** | **2021** |
| Purchase | Intercompanies | USD 15,059 | 3,681.86 | 9/06/2022 | - | 5,443 |
| Purchase | Intercompanies | USD 8,000 | 3,785.76 | 16/06/2022 | - | 2,093 |
| Purchase | Intercompanies (partial) | USD 27,000 | 3,986.75 | 25/08/2022 | - | 2,483 |
| Purchase | Short-term credit (partial) | USD 30,000 | 3,820.30 | 26/04/2022 | - | 5,184 |
| Purchase | Short-term credit (partial) | USD 30,000 | 3,819.02 | 26/04/2022 | - | 1,061 |
| Purchase | Short-term credit | USD 30,000 | 4,046.56 | 16/03/2022 | - | (1,048) |
| Purchase | Short-term credit | USD 26,799 | 4,043.54 | 30/05/2023 | 23,020 | - |
| Purchase | Intercompanies | USD 15,796 | 4,097.09 | 8/06/2023 | 12,864 | - |
| Purchase | Intercompanies | USD 8,435 | 4,159.08 | 14/06/2023 | 6,410 | - |
| Purchase | Short-term credit | USD 15,632 | 4,665.7 | 29/06/2023 | 4,589 | - |
| Purchase | Short-term credit | USD 11,300 | 4,455.8 | 12/01/2023 | 4,078 | - |
| Purchase | Intercompanies (partial) | USD 27,000 | 4,741.86 | 29/08/2023 | 7,439 | - |
| Purchase | Short-term credit | USD 8,377 | 4,732.68 | 24/08/2023 | 2,342 | - |
| Purchase | Short-term credit | USD 5,177 | 4,918.09 | 14/04/2023 | (73) | - |
| Purchase | Short-term credit | USD 10,304 | 4,979.05 | 26/05/2023 | (371) | - |
| **Forward operations fair value** | | | | | **60,298** | **15,216** |
| **Swap and Forward operations fair value** | | | | | **103,252** | **28,998** |

(1) The underlying value is rounded to the nearest million units when expressed in Colombian pesos and to the nearest thousand units when expressed in dollars.

# NOTE 7: OTHER FINANCIAL ASSETS

| | 2022 | 2021 |
|---|---|---|
| Financial assets measured at fair value with changes in other comprehensive income (See note 25) | 1,196,577 | 855,837 |
| Financial assets measured at fair value through profit or loss (See note 25) | 2,797 | 2,685 |
| Financial assets measured at amortized cost (See note 25) | 470,643 | - |
| **Other financial assets** | **1,670,017** | **858,522** |
| Current | 471,098 | - |
| Non-current | 1,198,919 | 858,522 |
| **Other financial assets** | **1,670,017** | **858,522** |

As of December 31, 2022, none of these assets are expired or impaired.

The category of other financial assets at fair value with changes in other comprehensive income includes investments held by the Company in Grupo de Inversiones Suramericana S.A. The investment is measured at fair value with changes in other comprehensive income with a monthly frequency. In note 25.2.1., Financial assets are measured at fair value with changes in other comprehensive income, this investment value is detailed for the periods reported.

During 2021, Cementos Argos S.A. capitalized Grupo de Inversiones Suramericana S.A. and Occipital INC for $5,288 and $126.

# NOTE 8: TRADE AND OTHER ACCOUNTS RECEIVABLE

| | 2022 | 2021 |
|---|---|---|
| Trade accounts receivable | 159,399 | 159,966 |
| Other accounts receivable | 624,186 | 224,952 |
| Deterioration for expected credit losses and provision for doubtful accounts | (1,641) | (2,957) |
| | **781,944** | **381,961** |
| Current | 755,069 | 269,116 |
| Non-current | 26,875 | 112,845 |
| **Trade and other accounts receivable** | **781,944** | **381,961** |

Next, the impairment movement for expected credit losses of trade accounts receivable and other accounts receivable as of December 31 is detailed as follows:

| | 2022 | 2021 |
|---|---|---|
| **Impairment movement for expected credit losses and doubtful accounts** | | |
| Opening balance | (2,957) | (2,993) |
| Value impairment losses recognized on accounts receivable (1) | (2,379) | (1,318) |
| Punishment of amounts considered uncollectible (2) | 2,184 | 940 |
| Recovered Amounts | - | 35 |
| Reversed impairment losses | 1,511 | 379 |
| **Closing balance** | **(1,641)** | **(2,957)** |

(1) Argos S.A. adopted the simplified approach for measuring the value losses of commercial accounts receivable, contract assets and accounts receivable for leases, retroactively with the option not to restate comparative information. For presentation purposes, the provision movement of expected credit losses for 2022 and 2021 is presented in accordance with the new IFRS 9 Financial Instruments guidelines.

(2) The contractual amounts of financial assets written off during the reporting period that are still subject to enforcement activities are $2.184 (2021 $940).

For each day range of non-payment of the portfolio, the following table presents the value of trade accounts receivable and other accounts receivable subject to credit risk before recognizing any loss due to value impairment, the values of expected losses determined individually and collectively, the value of accounts receivable after considering the expected impairment, at the end of the reporting period, and the percentage of expected credit loss determined using the transition matrix methodology according to the Markov chains theory.

| 2022 | Expected Credit Loss Rate | Gross accounts receivable | Impairment of expected credit loss | Net accounts receivable |
|---|---|---|---|---|
| **Impairment for expected credit losses explanation** | | | | |
| Not expired | 0.13% | 400,025 | (37) | 399,988 |
| Between 0 and 30 days | 0.20% | 130,183 | (16) | 130,167 |
| Between 31-60 days | 0.57% | 41,403 | (4) | 41,399 |
| Between 61-90 days | 1.40% | 79,315 | (3) | 79,312 |
| Between 91-120 days | 2.59% | 83,968 | (1) | 83,967 |
| Between 121-150 days | 4.34% | 2,106 | (2) | 2,104 |
| Between 151-180 days | 4.36% | 945 | - | 945 |
| Between 181-360 days | 8.44% | 19,313 | (46) | 19,267 |
| More than a year | 11.03% | 26,327 | (1,532) | 24,795 |
| **Total** | | **783,585** | **(1,641)** | **781,944** |

| 2021 | Expected Credit Loss Rate | Gross accounts receivable | Impairment of expected credit loss | Net accounts receivable |
|---|---|---|---|---|
| **Impairment for expected credit losses explanation** | | | | |
| Not expired | 0.11% | 268,029 | (32) | 267,997 |
| Between 0 and 30 days | 0.14% | 48,842 | (11) | 48,831 |
| Between 31-60 days | 0.46% | 6,972 | (3) | 6,969 |
| Between 61-90 days | 0.64% | 3,124 | (2) | 3,122 |
| Between 91-120 days | 2.22% | 3,177 | (5) | 3,172 |
| Between 121-150 days | 3.23% | 1,238 | (9) | 1,229 |
| Between 151-180 days | 5.22% | 717 | (15) | 702 |
| Between 181-360 days | 8.22% | 8,977 | (61) | 8,916 |
| More than a year | 4.67% | 43,842 | (2.819) | 41,023 |
| **Total** | | **384,918** | **(2.957)** | **381,961** |

The average credit period over the sale of goods is 30 days. No interest surcharge is carried out on trade accounts receivable after the average credit period. Cementos Argos S.A. assess at the end of the period on which it is reported and with the same periodicity of financial information. If there is objective evidence that financial assets are impaired, and if this is the case, it recognizes a loss in the income statement due to a value deterioration. Cementos Argos S.A. recognizes a provision on individual clients when they are in an economic insolvency state or when a financing or restructuring agreement of the account receivable is agreed upon and collectively grouping the portfolio by default days ranges and applying to these values the non-compliance percentages using the transition matrix methodology according to the Markov chain theory. In determining the recoverability of a trade account receivable, Cementos Argos S.A. considers any change in the credit quality of the account from the date the credit was initially granted until the end of the reporting period. The concentration of credit risk is limited because the customer database is long and independent.

Cementos Argos S.A., as of December 31, 2022, sold trade and other debtors to Bancolombia, BBVA and Bancóldex for a value of $83.871 (2021 $68.672), influencing income of $1,789 (2021 $1,028).

# NOTE 9: IMPUESTO A LAS GANANCIAS

Tax provisions applicable and in force in Colombia, establish the following:

- Income tax in Colombia is settled at a rate of 35% for 2022 (2021 31%).
- Occasional earnings are taxed at the 10% rate.
- For 2022 and 2021, the minimum percentage to determine the income tax is 0%.
- Companies may offset losses with ordinary liquid income obtained in the following twelve (12) periods.
- Excesses of presumptive income over ordinary income generated as of 2003 can only be compensated with ordinary net income, within the following five (5) years.
- Pursuant to the provisions of Laws 788 of 2002 and 863 of 2003, income taxpayers who enter into transactions with economic associates or foreign related parties are required to determine, for income tax and supplementary purposes, the study of transfer prices; as of the date of the statement of financial position, the Company has not completed the study with 2022 operations; however, considering that the operations carried out with foreign related parties during 2022 had a similar behavior to those carried out in 2021, the Administration considers that there will be no impact on the income statement for the period.

- As of 2017, the references contained in the tax regulations regarding the accounting regulations will be to the International Financial Reporting Standards applicable in Colombia, considering the refinements established by the National Government.
- Act 1819 of 2016, determined through article 22 that for the 2017 term and subsequent years, the determination of income tax and complementary, in the value of assets, liabilities, equity, income, costs and expenses. The recognition and measurement systems will apply for the taxpayers obliged to keep accounts, in accordance with the accounting normative technical frameworks in force in Colombia, when the tax law expressly refers to them and in cases in which it does not regulate the matter. In any case, the tax law may expressly provide a different treatment, in accordance with article 4 of Law 1314 from 2009.
- Income tax returns for taxable years 2021, 2020, 2019, 2018, 2017 and 2016 are subject to review and acceptance by tax authorities.
- The general term of finality of statements is 3 years (5 years, for taxpayers who determine or offset tax losses or who are subject to the transfer pricing regime).
- Starting in 2019, the 4-year time limit for the use of the tax discount for taxes paid abroad is eliminated.

**Tax Reform**

On December 13, 2022, the National Government issued Law 2277, the Equality and Social Justice Reform, through which significant changes are introduced in terms of taxes effective as of January 1, 2023. The most significant changes for the effects of the income and supplementary tax were as follows:

- The general income rate is maintained at 35% for national companies and their similar companies obliged to present the annual income declaration and complementary tax in Colombia.
- A minimum tax is established for residents in Colombia, fixing an additional tax in the event that the adjusted income tax with some adaptations is less than 15% of the accounting profit before taxes with certain adaptations. Thus, taxpayers must: (i) Determine the adjusted tax of the Colombian taxpayer, or the adjusted tax of the group, in the event that it becomes part of a business group. (ii) Determine the adjusted profit of the Colombian taxpayer or the group, in the event that it becomes part of a business group, and (iii) Determine the adjusted tax rate of the Colombian taxpayer or the group, in the event that it becomes part of a business group. If the effective rate (adjusted tax/adjusted profit) is less than 15%, the tax to be added must be calculated to reach the rate of fifteen percent (15%) of the taxpayer or of the group in case it becomes part of a business group.

The Economic and Social Zones - ZESE are excepted from this regulation during the period that their rental rate is zero (0%), taxpayers whose adjusted utility is equal to or less than zero, who are governed by the provisions set forth in Art 32 from the Tax Statute. (Concessions), the state industrial and commercial companies or mixed economy companies that exercise the monopolies of luck, chance, and liquors; hotels and theme parks, as long as they are not required to submit a country-by-country report.

- The amount of the sum of some non-income, income, special deductions, exempt income, and tax discounts is limited to 3% per year of ordinary liquid income.
- Article 158-1 is repealed, eliminating the possibility of deducting the costs and expenses associated with investments in Science, Technology, and Innovation (CTeI); that is, these investments will only give the right to a tax discount. The possibility of taking as a tax discount 30% of investments in Science, Technology, and Innovation (CTeI) that have the approval of the National Council of Tax Benefits (CNBT) is maintained; the previous regulation established a discount of 25%.
- The possibility of deducting royalty payments dealt with in articles 360 and 361 of the National Constitution is eliminated, regardless of the name of the payment, the accounting treatment, and the form of payment (money or kind), the non-deductible amount corresponds to the total cost of production of non-renewable resources.
- 100% of the taxes, rates and contributions effectively paid in the taxable year, which are causally related to the income generation (except income tax), continue to be deductible; 50% of the tax on financial movements (GMF) will be deductible, regardless of whether it has a causal relationship with the income-generating activity.
- Payments for affiliations to social clubs, work expenses of support staff at home or other activities unrelated to the income-producing activity, personal expenses of partners, participants, shareholders, clients and/or their relatives, all of which will not be deductible. These will be considered income in kind for their beneficiaries.
- It is established that non-deductible values for convictions from administrative, judicial, or arbitration processes, correspond to values that are punitive, sanctioning, or compensation for damages. (Paragraph 3 of Article 105 from the E.T.).
- The occasional income tax rate is established at 15%.

- A 10% withholding rate is established for dividends received by national companies that do not constitute income or occasional earnings (previously 7.5%), which will be transferable to the resident natural person or to the foreign investor. The exceptions established in the current regulations are maintained. Dividends and participations received by permanent establishments of foreign national companies that do not constitute income or occasional gain will be taxed at the special rate of 20%.
- It was established that the tax on taxed dividends will be determined: (i) applying the income rate corresponding to the year in which they are decreed (35%) and (ii) the rate corresponding to the untaxed dividend will be applied to the remainder, depending on the beneficiary (if he or she is a resident natural person or illiquid succession of deceased resident, the table from article 241 of the Tax Code will apply).
- Dividends declared charged to profits from 2016 and prior years will retain the current treatment at that time; and those corresponding to profits for the years 2017, 2018 and 2019 that are decreed as of 2020, will be governed by the rates provided in Law 2010.

## 9.1. Income Tax Recognized in Profit or Loss

| | Current Tax | |
|---|---|---|
| | **2022** | **2021** |
| Regarding the current year | (89,151) | (30,438) |
| **Current tax** | **(89,151)** | **(30,438)** |
| | | |
| Origin and reversal of temporary differences | (56,504) | (14,095) |
| Changes in laws and tax rates | - | 3,374 |
| **Deferred tax** | **(56,504)** | **(10,721)** |
| **Total tax expense related to continuous operations** | **(145,655)** | **(41,159)** |

The variation in current tax expense is mainly generated by the change in the rate from 2021 (31%) to 2022 (35%) and the adjustments made by correcting the income statements of previous years.

In both years, the liquid income tax was settled, using the tax discounts up to the maximum limit established by Law, and occasional income tax is generated.

The variation in the expense for deferred tax was mainly caused using excess presumptive income and tax discounts for the year 2022, such as those derived from the income statements adjustments for 2019, 2020 and 2022.

**Reconciliation of the Effective Rate:**

| | 2022 | | 2021 | |
|---|---|---|---|---|
| | **Value** | **%** | **Value** | **%** |
| **Profit before taxes** | **287,844** | | **472,235** | |
| **Notional tax** | **(100,759)** | **(35%)** | **(146,394)** | **(31%)** |
| Equity method | 122,598 | 42.6% | 214,919 | 43.8% |
| Dividends, net | (171,399) | (59.5%) | (105,870) | (21.6%) |
| ECE Regime | (22,493) | (7.8%) | (22,509) | (4.6%) |
| Indirect tax discounts | 36,943 | 12.7% | 42,927 | 8.8% |
| Non-deductible expenses | (9,889) | (3.4%) | (19,468) | (2.8%) |
| Non-deductible donations | (367) | (1%) | 1,349 | (0.3%) |
| Difference in rate | 0 | 0 | 3,484 | 0.7% |
| Other tax effects | (289) | (1%) | (6,899) | (01.4%) |
| **Total current and deferred income tax** | **(145,655)** | **(50.6%)** | **(41,159)** | **4%** |

The effective tax rate of the Company is 50.6% for 2022 (2021 8.4%), it is 15.6 percentage points above the theoretical tax rate, generated mainly by the equity method, the effect net of the taxable dividends, the indirect tax discounts recognized by the income statements adjustments from 2019, 2020 and 2021.

The tax calculation made by the presumptive income system is as follows:

| | 2022 | 2021 |
|---|---|---|
| Net income taxable | 132,395 | 177,658 |
| Income Rate | 35% | 31% |
| Current income rate | (46,338) | (55,074) |
| Occasional profit | (319) | (198) |
| Applied discounts | 11,392 | 46,524 |
| Income from previous years | (48,113) | (53) |
| Foreign expenses not originating in Colombia | (5,773) | (21,637) |
| Deferred tax | (56,504) | (10,721) |
| **Total tax expense related to continuing operations** | **(145,655)** | **(41,159)** |

## 9.2. Income Tax directly recognized in Equity

| | Deferred tax | |
|---|---|---|
| | 2022 | 2021 |
| **Generated by income and expenses recognized in other comprehensive income:** | | |
| Difference in foreign investment instead | (3,014) | (1,211) |
| New measurements of defined benefit plans | (9,079) | (12,488) |
| Cash flow hedges | 3,710 | 5,954 |
| Changes in laws and tax rates | (13,743) | - |
| **Total income tax recognized in comprehensive income** | **(22,126)** | **(7,745)** |

The company decides to take advantage of decree 2617 from 2022, which establishes an accounting alternative to mitigate the effects of the rate change generated by occasional earnings, which allows this variation to be recognized within equity in the accumulated results of previous years.

## 9.3. Current Tax Assets and Liabilities and Deferred Tax Balances

| | Current Tax | |
|---|---|---|
| | 2022 | 2021 |
| Income tax | 53,359 | 81,292 |
| **Net current tax asset** | **53,359** | **81,292** |

| | Current Tax | |
|---|---|---|
| | 2022 | 2021 |
| Income tax payable | 50 | - |
| Withholding tax | 11.326 | 8,446 |
| **Net current tax liability** | **11,376** | **8,446** |

## 9.4. Tax Deferred Behavior

The following is an analysis of the liability presented in the statement of financial position for December 2022 and comparative periods:

| 2022 | Opening balance | Other changes | Recognized in results | Recognized in other comprehensive income | Rate change tax reform | Closing balance |
|---|---|---|---|---|---|---|
| Other current assets | 2,716 | - | (2,681) | - | - | 35 |
| Associates and joint ventures | - | - | 3,014 | (3,014) | - | - |
| Other equity investments | (9,249) | - | (3,045) | - | - | (12,294) |
| Property, Plant and Equipment | (224,965) | - | (107) | - | (13,743) | (238,815) |
| Intangible assets | (30,701) | - | (2,359) | - | - | (33,060) |
| Other non-current assets | (1,131) | - | (263) | - | - | (1,394) |
| Provisions | 20,798 | - | (4,552) | - | - | 16,246 |
| Employee benefits | 1,659 | - | (2,906) | (9,079) | - | (10,326) |
| Financial Liabilities | 18,219 | - | 36,757 | - | - | 54,976 |
| Convertible instruments | (4,824) | - | (35,024) | 3,710 | - | (36,138) |
| Finance leases | 1,657 | - | (412) | - | - | 1,245 |
| Unused tax credits | 193,179 | - | 22,844 | - | - | 216,023 |
| Unused tax losses | 153,042 | - | (28,707) | - | - | 124,335 |
| Unused presumptive income excesses | 82,205 | - | (39,062) | - | - | 43,143 |
| Total Deferred Tax Assets | **202,605** | **-** | **(56,503)** | **(8,383)** | **(13,743)** | **123,976** |

| 2021 | Opening balance | Other changes | Recognized in results | Recognized in other comprehensive income | Rate change | Closing balance |
|---|---|---|---|---|---|---|
| Other current assets | 2,474 | 328 | (325) | - | 239 | 2,716 |
| Associates and joint ventures | (4,396) | 4,396 | 1.211 | (1,211) | - | - |
| Property, Plant and Equipment | - | (4,395) | (4,854) | - | - | (9,249) |
| Intangible assets | (192,307) | 14,488 | (19,091) | - | (28,055) | (224,965) |
| Other non-current assets | (26,752) | - | 904 | - | (4,853) | (30,701) |
| Provisions | (630) | (328) | 37 | - | (210) | (1,131) |
| Employee benefits | 16,903 | 1 | 1,174 | - | 2,720 | 20,798 |
| Financial Liabilities | 13,979 | - | 2,201 | (12,488) | (2,033) | 1,659 |
| Convertible instruments | 173 | (2,182) | 12,028 | 5.954 | 2,246 | 18,219 |
| Finance leases | 7,397 | 2.181 | (13,617) | - | (785) | (4,824) |
| Unused tax credits | 3,277 | (14,488) | 12,626 | - | 241 | 1,656 |
| Unused tax losses | 180,429 | - | 12,751 | - | - | 193,180 |
| Unused presumptive income excesses | 137,731 | - | (6,552) | - | 21,863 | 153,042 |
| Other current assets | 82,792 | - | (12,698) | - | 12,111 | 82,205 |
| Total net deferred tax assets | **221,070** | **1** | **(14,205)** | **(7,745)** | **3,484** | **202,605** |

The Company recognizes deferred tax assets which will be offset by the reversal of the current taxable temporary differences; however, if the deferred tax asset depends on future earnings, due to the reversal periodicity of taxable differences, the Company supports the deferred tax asset in the projection of future taxable income generation. When in the development of the analyzes, it is determined that there is a high probability of rejection of the tax asset by tax authorities or that it will not be possible to use the deferred tax asset before its expiration, said asset is not recognized. Both situations affect the income tax expense in the period in which it is determined.

In compliance with IAS 12, the Company did not record deferred tax liabilities related to temporary differences of investments in subsidiaries, mainly for concepts corresponding to undistributed profits and tax readjustments on investments. This is due to the fact that: i) The Company has control of the subsidiaries and, consequently, it can decide on the reversal of such temporary differences; and ii) the Company does not plan to carry it out in the medium term; therefore, it is probable that such temporary differences will not be reversed in the foreseeable future.

| | 2022 | 2021 |
|---|---|---|
| Investments in subsidiaries | 5,087,932 | 5,027,018 |
| Investments in associates and joint ventures | (2,048) | (1,229) |

### 9.5. Unrecognized Deductible Temporary Differences, Unused Tax Losses And Unused Tax Credit

At the end of 2022, the Company does not have tax credits without recognition of deferred tax assets.

### 9.6. Impact on Income Tax For The Potential Dividend's Payment To Its Shareholders

The Company does not show potential consequences for the income statement in the event of dividends payment to its shareholders.

The Company does not present proposed or declared dividends before the financial statements have been authorized for issuance, on which an impact on income tax could be anticipated.

### 9.7. Impact on Income Tax For The Potential Dividend's Payment To Its Shareholders

No additional taxes are foreseen due to possible visits by tax authorities or due to the existence of uncertainties related to tax positions applied by the Company.

## NOTE 10: INVENTORIES

| | 2022 | 2021 |
|---|---|---|
| Raw materials and direct materials | 70,533 | 28,006 |
| Product on process | 64,728 | 52,529 |
| Finished product | 26,114 | 18,381 |
| Inventory of goods not manufactured by the company | 434 | 112 |
| Inventory to develop | 679 | 289 |
| Materials, spare parts, and accessories | 88,253 | 53,172 |
| Containers and packaging | 5,334 | 3,728 |
| Inventory in transit | 11,570 | 14,511 |
| Advances for inventory acquisition | 167 | 18 |
| **Inventories** | **267,812** | **170,746** |

Cementos Argos S.A. measures its inventory at the lower between the cost and the net realizable value.

The cost of inventories recognized as cost of merchandise sold during the period, regarding operations in the separate statement of comprehensive income, corresponds to $1,422,749 (2021 $1,237,448), of which $31,754 correspond to unabsorbed costs (2021 $41,009), and distribution costs $287,763 (2021 $292,267).

During the year and comparatives, there was no reversal of inventory value. The decrease value in inventories at net realizable value corresponds to $150 (2021 $864). Cementos Argos S.A. expects to carry out its inventories in less than 12 months.

As of December 31, 2022 and December 2021, Cementos Argos S.A. does not maintain committed inventories as collateral for liabilities.

# NOTE 11: OTHER NON-FINANCIAL ASSETS AND LIABILITIES

## 11.1. Other Non-Financial Assets

| | 2022 | 2021 |
|---|---|---|
| Prepaid expenses | 27,410 | 17,361 |
| Assets for VAT, ICA and other taxes | 15,650 | 13,989 |
| **Other non-financial assets** | **43,060** | **31,350** |
| Current | 36,819 | 31,350 |
| not current | 6,241 | - |
| **Other non-financial assets** | **43,060** | **31,350** |

## 11.2. Other Non-Financial Liabilities

| | 2022 | 2021 |
|---|---|---|
| Advances received | 62,016 | 56,304 |
| VAT, ICA and other tax liability | 49,671 | 47,022 |
| Deferred Income | 1,291 | 1,879 |
| **Other non-financial liabilities** | **112,978** | **105,205** |
| Current | 112,978 | 105,205 |
| **Other non-financial liabilities** | **112,978** | **105,205** |

# NOTE 12: BIOLOGICAL ASSETS

| | 2022 | 2021 |
|---|---|---|
| Opening balance | 19,953 | 20,404 |
| Changes in fair value less costs to sell | 772 | (252) |
| Biological assets selling | (1,255) | (199) |
| **Biological assets** | **19,470** | **19,953** |

Cementos Argos carries out agricultural activities through forestry projects. The Company biological assets are measured at fair value less the estimated costs of sale at the harvest or collection point, considering significant observable Level 3 input data. Changes in biological assets fair value are presented in the statement of comprehensive income, such as income or valuation expense as appropriate.

For the plantation's valuation, the discounted cash flow model was used, considering that the future economic benefits associated with the forest cover are expected to be carried out 3 or 4 times over time, as follows: at the moment when the 2 or 3 thinning are carried out, which depend on the age and diameter of the plantation, and at a last moment when the clear felling is carried out.

In this sense, fair value is determined by applying a discount rate to future net cash flows, for which purpose Weighted Average Cost of Capital (WACC) was used, which was estimated at 10% for 2022(2021 8.5%).

The sale price, volume, determined based on forestry experience and studies, and the estimation of costs and expenses are significant unobservable input data for the measurement.

Losses were recognized as a valuation result, which amounts to $772 (2021, $252). For the valuation, market prices were taken as the basis, which remain constant, and the costs increase with the CPI throughout the projection.

During 2022, a total of 53.54 Ha of the Eucalyptus plantations were sold for a value of $1,753, leaving a profit of $498. For 2021, a total of 14.97 Ha of the Eucalyptus plantations were sold for a value of $120, leaving a loss of $79.

Cementos Argos S.A. biological assets are composed of plantations, as follows:

| | 2022 | 2021 |
|---|---|---|
| Plantations (Hectares planted = Ha) | 1,103 | 1,157 |

As of December 31, 2022, and comparative, the plantations mainly include teak, eucalyptus, pine, rubber, acacia and melina, distributed throughout the national territory in Boyacá, Riosucio (Caldas), Montebello (Antioquia), Rioclaro (Antioquia), Cartagena (Bolivar), Victoria (Caldas), Puerto Nare (Antioquia).

At the end of the reporting and comparative period, there are no restrictions on the biological assets' ownership of Cementos Argos S.A., nor contractual commitments for their development or acquisition and they have not been pledged as collateral for debts fulfillment.

# NOTE 13: INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

## 13.1. Investments in Associates and Joint Ventures

The summarized financial information regarding each of the Cementos Argos S.A. associates are presented below. This information represents amounts presented in the associates' financial statements prepared in accordance with IFRS:

| | SUMMA – Servicios Corporativos Integrales S.A.S. | | Soluciones de Crédito S.A.S. | | Saint-Gobain Colombia S.A.S. | |
|---|---|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| Current assets | 52,498 | 26,442 | 1,458 | 3,878 | 11,866 | - |
| Non-current assets | 10,490 | 12,905 | 7 | 9 | 2,497 | - |
| Current liabilities | 51,657 | 26,872 | 34 | 114 | 2,165 | - |
| Non-current liabilities | 5,555 | 12,681 | 611 | 1,000 | - | - |
| Ordinary income | 14,618 | 10,733 | 787 | 523 | 3,170 | - |
| Net income | 23 | (2,729) | (1,953) | (751) | (2,023) | - |
| Total comprehensive income | 23 | (2,729) | (1,953) | (751) | (2,023) | - |

The reconciliation of the summarized financial information with the associates and joint ventures book value in the separate financial statements is:

| | SUMMA –Servicios Corporativos Integrales S.A.S. (2) | | Soluciones de Crédito S.A.S. (1) | | Saint-Gobain Colombia S.A.S. (3) | | Total participadas | |
|---|---|---|---|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| Net investee assets | 5,776 | - | 820 | 2,773 | 12,197 | - | 18,793 | 2,773 |
| Participation in the investee | 25% | 25% | 49% | 49% | 40% | 0% | 25%-49%-40% | 25%-49% |
| **Investee Book value** | | | | | | | **7,979** | **1,358** |

(1) In January, 2021, Soluciones De Crédito S.A.S made contributions for $960,000. This contribution did not imply changes in the investment participation.
(2) On June 28, 2022, Cementos Argos S.A. capitalized the company Summa – Servicios Corporativos Integrales S.A.S for $1,490. On June 30, 2021, for a value of $492, equivalent to 25 shares. This contribution did not imply changes in the associate's participation.
(3) Saint Gobain Colombia S.A.S markets products for the placement of ceramic pieces, easy to use and with high performance for the installer

All associates and joint ventures are accounted for using the equity participation method in the separate financial statements. None of the investments in associates and joint ventures maintained by Cementos Argos S.A. is listed in a national or foreign stock market; therefore, there is no quoted market price for the investment.

For the reported periods, investments in associates and joint ventures do not have unrecognized losses of the current or prior period, nor did they declare dividends.

## 13.2. Significant Restrictions

As of December 31, 2019, and comparable periods, there are no significant restrictions on the ability of associates or joint ventures to transfer funds to Cementos Argos S.A., in the form of cash dividends, or for the loans repayment or advances made by the Company. The Company does not hold contingent liabilities related to their investments in associates and joint ventures.

# NOTE 14: SUBSIDIARIES

## 14.1. General Information on Investments in Subsidiaries

**ARGOS PANAMÁ S.A.**

Stock corporation incorporated in accordance with the Republic of Panama laws on June 25, 1943. Its main purpose is the manufacture, sale, import and export of cement and its derivatives, as well as the importation of all types of raw material, machinery, equipment, spare parts for cement manufacture and sale. The main domicile of the company is located in Panama City, Republic of Panama, and the term is in perpetuity. This Company consolidates with Concreto S.A., and Terminal Granelera Bahía Las Minas S.A.

**ARGOS SEM, LLC.**

Incorporated on March 21, 2014 in the city of Panama, (and re-domiciled in December 2018 in Delaware, United States, at which time the name Argos SEM SA was also transformed into Argos SEM, LLC), its purpose is establish and operate as the Multinational Company Headquarters to provide any and all management and/or administration services for operations in a specific or global geographic area of a company of the business group, dedicate itself internationally to the manufacture and marketing of goods of all kinds, as well as the commercialization of services of all kinds, as allowed by the law of the respective state or jurisdiction. In May 2018, it absorbed the International Cement Company S.A., an entity incorporated in Panama on November 24, 1997, with the purpose of acquiring, owning, administering, taxing, leasing, and disposing in any way all kinds of goods, whether on their own or third parties.

**BMR LTD.**

Incorporated under Bermuda laws on April 19, 2022; its main address is at Crawford House, 50 Cedar avenue, Hamilton, Pembroke, HM 11, Bermuda. Its corporate purpose is reinsurance for the management of the company's risks. Its term of duration is indefinite.

**CEMENTOS DE CALDAS S.A.**

Incorporated in accordance with Colombian laws on July 17, 2007; its main domicile is in Villamaría, Caldas department. Its corporate purpose is the exploitation of the cement industry and the production of concrete mixtures and their derivatives. Its term of duration extends until July 22, 2054.

**C.I. DEL MAR CARIBE (BVI) INC.**

Incorporated in accordance with the laws of the British Virgin Islands on June 2, 2004; its main domicile is in Tortola and its corporate purpose is cement, clinker, and lime commercialization. Its term is in perpetuity.

**COLCARIBE HOLDINGS, S.A.**

Incorporated in accordance with Panamanian laws on June 25, 1996.; its principal domicile is in Panama City. Its corporate purpose is to negotiate or dispose of securities, bonds, participations in other Companies and rights of any kind, either on its own or third parties, as well as open, operate, close accounts and deposits in financial institutions, lend or accept money in loans and give guarantees in favor of third parties in any currency of the world. Its term is in perpetuity.

**CONCRETOS ARGOS S.A.S.**

Simplified joint stock company incorporated in accordance with Colombian laws on April 22, 1985. Its main purpose is the exploration, exploitation, transport, benefit, integral use, commercialization, and sale of stony minerals such as: sand, cement, gravels, pre-mixed concrete and precast concrete elements, concrete blocks and any materials and own elements, accessories and complementarians used in the construction industry. The main domicile of the company is in Bogotá and the term of duration is until September 8, 2093.

**CORPORACIONES E INVERSIONES DEL MAR CARIBE S.A.S.**
Incorporated in accordance with Colombian laws on December 14, 1982. Its principal domicile is in the city of Medellín, and the term of duration is indefinite. The Company's corporate purpose is to carry out any lawful economic activity, both in Colombia and abroad. Currently, it is dedicated to investment in shares or interest rates. This Company consolidates with Argos USVI Corp., Argos (Dominica) Ltd., Argos Saint Maarten N.V. and Cementos Argos Company Limited.

**HAITÍ CEMENT HOLDING, S.A.**
Incorporated and domiciled in Panama City, Republic of Panama on October 7, 1997. Its main activity is to acquire, buy, invest in securities, bonds, shares, participations in other Companies, as well as any lawful business allowed by the Republic of Panama laws. The duration of the company is in perpetuity. This company consolidates with Cimenterie Nationale S.E.M. (CINA).

**LOGÍSTICA DE TRANSPORTE S.A.**
Incorporated in accordance with Colombian laws on April 16, 1996; its principal domicile is in the city of Medellín. Its corporate purpose is the transport of people and all types of cargo inside or outside the country, in any of its modalities, land, air, river and sea, whether in vehicles, ships or aircraft owned or owned by third parties that are affiliated with it. The term of the company expires on April 16, 2026.

**TRANSATLANTIC CEMENT CARRIERS, INC.**
Incorporated in accordance with Panamanian laws on July 26, 1974; with principal domicile in Panama City and the term of duration is indefinite. Its corporate purpose is maritime transport, especially cement, clinker, and the sale of these same products. In June 2018, through merger, it absorbed Compañía Marítima de Graneles S.A., which had been established in accordance with Panamanian laws on December 29, 1978, and which was dedicated to maritime transport, especially cement and clinker and the purchase and sale of these same products, ships chartering and especially the provisioning of them.

**VALLE CEMENT INVESTMENTS INC.**
Incorporated in accordance with the British Virgin Islands laws on November 18, 1998; its main domicile is in the British Virgin Islands and its corporate purpose is to make investments of any kind. The term of the company duration is indefinite.

**ZONA FRANCA ARGOS S.A.S.**
Incorporated in accordance with Colombian laws on July 5, 2007, its principal domicile is in the city of Cartagena and its term of duration is indefinite. Its corporate purpose is the exploitation of the cement industry, the production of concrete mixtures and any other materials or articles based on cement, lime or clay, the acquisition and disposal of minerals or ore deposits that can be used in the cement industry and its similar, rights to explore and exploit minerals indicated, either by concession, privilege, lease or any other title, direct, manage, supervise, promote and develop a free zone, carry out all activities that in its condition of a single user of a special free zone are convenient, relevant or necessary, carry out the following activities as a port operator: loading and unloading, storage in ports, import and export of goods and services, general cargo handling, containerized cargo handling. It was declared in 2007 as a permanent special free zone.

## 14.2. Information on Direct Participation in Investments in Subsidiaries

| Subsidiary name | Main activity | Place of incorporation and operations | Shareholding interest 2022 | Shareholding interest 2021 | Carrying amount 2022 | Carrying amount 2021 |
|---|---|---|---|---|---|---|
| Argos SEM, LLC | Investments | United States | 100.00% | 100.00% | 7,339,219 | 6,228,211 |
| Zona Franca Argos S.A.S. | Cement industry | Colombia | 100.00% | 100.00% | 1,501,099 | 1,517,466 |
| Valle Cement Investments INC | Investments | Panama | 91.81% | 91.81% | 889,831 | 713,182 |
| Colcaribe Holding S.A. | Investments | Panama | 100.00% | 100.00% | 368,734 | 611,883 |
| Argos Panamá S.A. | Cement and concrete industry | Panama | 83.35% | 83.35% | 845,076 | 543,827 |
| Concretos Argos S.A.S. | Stony minerals extraction | Colombia | 93.13% | 93.13% | 175,800 | 187,745 |
| Corporaciones e Inversiones del Mar Caribe S.A.S. | Investments | Colombia | 100.00% | 100.00% | 207,473 | 142,921 |
| Transatlantic Cement Carriers, INC | Marine transport | Panama | 100.00% | 100.00% | 138,750 | 87,727 |
| C.I. del Mar Caribe BVI | Marketing | Virgin Islands | 93.88% | 93.88% | 21,710 | 83,719 |
| Logística de Transporte S.A. | Transportation | Colombia | 100.00% | 100.00% | 30,323 | 33,281 |
| Haiti Cement Holding S.A. | Investments | Panama | 50.00% | 50.00% | 5,863 | 12,406 |
| Cementos de Caldas S.A. | Cement production | Colombia | 40.07% | 40.07% | 3,831 | 3,878 |
| BMR Ltd | Insurance | Bermuda | 100.00% | - | 1,490 | - |
| | | | | | **11,529,199** | **10,166,246** |

## 14.3. Information on Indirect Participation in Subsidiaries Investments

| Subsidiary name | Main activity | Place of incorporation and operations | Shareholding interest 2022 | Shareholding interest 2021 |
|---|---|---|---|---|
| American Cement Terminals LLC. | Investments | United States | - | 100.00% |
| American Cement Terminals Trust (BVI) | Investments | United States | 100.00% | 100.00% |
| Argos (Dominica) Ltd. | Cement distribution | Dominica | 100.00% | 100.00% |
| Argos Dominicana S.A. | Clinker and cement exploitation | Dominican Republic | 79.18% | 79.18% |
| Concretos Argos Dominicanos, S.R.L | Concrete manufacturing and commercialization | Dominican Republic | - | 79.39% |
| Argos Honduras S.A. de C.V. | Cement and derivatives exploitation | Honduras | 53.29% | 53.29% |
| Argos North América Corp. | Investments | United States | 99.08% | 99.08% |
| Argos Panamá, S.A. | Cement and concrete industry | Panama | 83.35% | 83.35% |
| Concreto S.A. | Ready-mix concrete manufacturing | Panama | 78.44% | 78.44% |
| Terminal Granelera Bahía Las Minas S.A. | Sea ports operation | Panama | 78.44% | 78.44% |
| Argos Puerto Rico Corp. | Cement distribution and sale | Puerto Rico | 60.00% | 60.00% |
| Argos Trading Puerto Rico LLC | Exporting from Puerto Rico | Puerto Rico | 60.00% | 60.00% |
| Argos SEM, LLC | Investments | United States | 100.00% | 100.00% |
| Argos St. Maarten N.V. | Cement distribution | St. Maarten | 100.00% | 100.00% |
| Argos USA LLC. (before Argos Cement LLC.) | Cement and concrete industry | United States | 99.08% | 99.08% |
| Argos USVI Corp. | Cement distribution | Virgin Islands | 100.00% | 100.00% |
| Cementos Argos Company Limited | Cement distribution | Antigua | 100.00% | 100.00% |
| Cement and Mining Engineering Inc. | Investments | Panama | 100.00% | 100.00% |
| Cementos de Caldas S.A. | Cement production | Colombia | 99.64% | 99.64% |
| CI del Mar Caribe (BVI) Inc. | Marketing | Virgin Islands | 99.97% | 99.97% |
| Cimenterie Nationale S.E.M. (CINA) | Cement industry | Haití | 65.00% | 65.00% |
| Argos Guyane S.A.S. | Cement exploitation | French Guyana | 100.00% | 100.00% |
| Colcaribe Holdings S.A. | Investments | Panama | 100.00% | 100.00% |
| Inmueble Miraflores S.A. | Property management | Panama | 100.00% | 100.00% |
| Comercial Arvenco C.A. | Marketing | Venezuela | - | 100.00% |
| Concretos Argos S.A.S. | Stony minerals extraction | Colombia | 99.46% | 99.44% |
| Soluciones modulares S.A.S. | Production and commercialization of precast elements | Colombia | 99.45% | - |

| Subsidiary name | Main activity | Place of incorporation and operations | Shareholding interest 2022 | Shareholding interest 2021 |
|---|---|---|---|---|
| Corp e Inversiones del Mar Caribe S.A.S. | Investments | Colombia | 100.00% | 100.00% |
| Haití Cement Holding S.A. | Investments | Panama | 100.00% | 100,00% |
| Logística de Transporte S.A. | Transportation | Colombia | 99.99% | 99.99% |
| Port Royal Cement Company LLC | Cement distribution and sale | United States | 99.99% | 100.00% |
| Southern Star Leasing, LLC | Concrete industry | United States | 99.08% | 99.08% |
| Surcol Houdstermaatschapij N.V. | Investments | Surinam | 50,00% | 50.00% |
| Transatlantic Cement Carriers Inc. | Marine transport | Panama | 100.00% | 100.00% |
| Valle Cement Investments Inc. | Investments | Panama | 91.81% | 91.81% |
| Venezuela Ports Company S.A. | Investments | Panama | 100.00% | 100.00% |
| Vensur N.V. | Cement production | Surinam | 42.10% | 42.10% |
| Argos Guatemala S.A. | Marketing | Guatemala | 100.00% | 100.00% |
| BMR Ltda | Insurance | Bermuda | 100.00% | - |
| Zona Franca Argos S.A.S. | Cement industry | Colombia | 100.00% | 100.00% |

| | Colombia | | Caribbean and Central America | | United States | |
|---|---|---|---|---|---|---|
| Subsidiary | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| Number of wholly owned subsidiaries | 2 | 2 | 13 | 13 | 2 | 4 |
| Number of partially owned subsidiaries | 4 | 3 | 12 | 13 | 3 | 3 |

In 2022 y 2021, the following movements were recorded in subsidiary companies and business acquisitions:

- On April 22, 2022, the company acquired 120,000 shares at USD$1 per share. The Board of Directors of the company BMR Ltd, approved additional contributions from Cementos Argos S.A. for USD $180,000.
- On September 27, 2022, the company Corporaciones e Inversiones del Mar Caribe S.A.S. offers 593,822 ordinary shares through the regulations for the shares issuance and placement, for a total value of $35,854.
- Mainly, the increase in the investments balance is due to the valuation under the equity method model.
- On September 1, 2021, the repurchase of Provicem S.A. shares is formalized at Argos Panama S.A., equivalent to 4.75% of the stake in this entity. Through this contract, 71,877 shares are acquired, resulting in a total purchase USD payment.

## 14.4. Summarized financial information of subsidiaries

The summarized financial information regarding each of the subsidiaries to which Cementos Argos S.A. applies the equity accounting method is presented below. The financial information summarized below represents amounts before eliminations between group companies, and includes business combination adjustments, when applicable:

| 2022 | Current assets | Non-current assets | Current liabilities | Non-current liabilities | Ordinary income | Net income | Other comprehensive income | Total comprehensive income |
|---|---|---|---|---|---|---|---|---|
| Argos SEM, LLC. | 46,054 | 7,505,039 | 57,211 | - | - | 128,874 | 1,369,511 | 1,498,385 |
| Valle Cement Investments Limited | 1,651,978 | 700,485 | 428,471 | 954,825 | - | 22,705 | 174,550 | 197,255 |
| Argos Panamá, S.A. y subsidiarias | 222,801 | 715,732 | 263,016 | 8,493 | 415,870 | 15,132 | 112,747 | 127,879 |
| Colcaribe Holdings S.A. | 429,093 | 66,727 | 129,944 | - | - | (19,794) | 69,269 | 49,475 |
| Zona Franca Argos S.A.S. | 411,635 | 1,250,395 | 107,525 | 53,406 | 836,465 | 124,444 | - | 124,444 |
| CI del Mar Caribe (BVI) Inc. | 281,039 | - | 257,914 | - | 1,320,024 | 20,402 | 17,742 | 38,144 |
| Corporaciones e Inversiones del Mar Caribe S.A.S. | 39,828 | 208,828 | 40,747 | 575 | - | 33,069 | (213) | 32,856 |
| Transatlantic Cement Carriers Inc. | 112,158 | 97,288 | 23,107 | 47,588 | 428,478 | 28,989 | 22,034 | 51,023 |
| Concretos Argos S.A.S | 187,121 | 484,113 | 329,709 | 152,585 | 948,299 | (8,590) | - | (8,590) |
| Haiti Cement Holding S.A. | 4,544 | 7,183 | - | - | - | (11,437) | 8,452 | (2,985) |
| Logística de Transporte S.A. | 35,510 | 845 | 5,976 | 56 | 14,219 | 4,176 | - | 4,176 |
| BMR Ltda | 8,529 | - | 7,016 | - | 4,293 | 189 | 155 | 344 |

| 2021 | Current assets | Non-current assets | Current liabilities | Non-current liabilities | Ordinary income | Net income | Other comprehensive income | Total comprehensive income |
|---|---|---|---|---|---|---|---|---|
| Argos SEM, LLC. | 1,456 | 6,149,210 | - | - | - | 432,342 | 875,377 | 3,061,449 |
| Valle Cement Investments Limited | 1,589,426 | 565,715 | 588,112 | 790,260 | - | 54,099 | 126,074 | 493,605 |
| Argos Panamá, S.A. y subsidiarias | 151,727 | 608,807 | 199,353 | 8,425 | 307,615 | 29,736 | 73,590 | 398,292 |
| Colcaribe Holdings S.A. | 588,147 | 56,752 | 33,015 | - | - | 3,777 | 89,379 | 262,879 |
| Zona Franca Argos S.A.S. | 382,676 | 1,266,611 | 90,031 | 41,789 | 661,020 | 126,611 | - | 126,611 |
| CI del Mar Caribe (BVI) Inc. | 219,182 | - | 130,003 | - | 1,025,222 | 27,806 | 18,713 | 86,312 |
| Corporaciones e Inversiones del Mar Caribe S.A.S. | 28,338 | 121,222 | 6,639 | - | - | 30,222 | (188) | 33,791 |
| Transatlantic Cement Carriers Inc. | 76,019 | 70,546 | 19,175 | 39,664 | 341,174 | 11,837 | 27,321 | 39,158 |
| Concretos Argos S.A.S | 198,847 | 443,171 | 282,007 | 157,887 | 773,405 | (16,100) | - | (15,987) |
| Haiti Cement Holding S.A. | 3,761 | 21,051 | - | - | - | (3,632) | 6,882 | 25,773 |
| Logística de Transporte S.A. | 38,314 | 908 | 6,439 | 145 | 14,766 | 6,444 | - | 6,444 |
| Cementos de Caldas S.A. | 6,919 | 3,356 | 136 | 461 | 47 | (78) | - | (77) |

## 14.5. Significant Restrictions

Cementos Argos S.A. does not have subsidiaries with significant restrictions to transfer and/or receive assets from other Group Companies, nor are there protective rights to non-controlling interests that can significantly restrict the company's ability to access or use the assets and settle the liabilities from the subsidiaries; there are also no guarantees or other requirements that may restrict dividends and other distributions of capital to be paid within the Group.

As of December 31, 2022, and its comparable, Cementos Argos S.A., has not provided financial support without any contractual obligation to conduct it towards any investee, nor has it helped to obtain financial support.

## 14.6. Analysis of Impairment Signs

At the end of each period, the impairment signs associated with each investment are reviewed, based on available external and internal information. In the case of investments that presented at least one impairment sign, an impairment test was carried out.

Cementos Argos S.A. reviews the book value of impairment investments each time events or circumstances indicate that the carrying amount may not be recoverable. If the total discounted future cash flows are less than the book value, the investment book value is not recoverable, and an impairment loss is recognized in the statement of separate income.

At the end of the reporting period and comparable ones, no investment in subsidiaries presented impairment indicators, nor were losses due to impairment recognized.

# NOTE 15: OTHER INTANGIBLE ASSETS, NET

## 15.1. Conciliation of Cost, Accumulated Depreciation, and Intangible Assets Impairment

| 2022 | Opening balance | Additions | Amortization | Other changes | Closing balance |
|---|---|---|---|---|---|
| Intangible assets with indefinite useful life | 115,389 | - | - | - | 115,389 |
| Mines | 255,546 | 626 | - | (3,415) | 252,757 |
| Patents, licenses, and software | 193,567 | 3,256 | - | 1,155 | 197,978 |
| Intangible asset projects | 52 | 1 | - | (52) | 1 |
| Intangible assets in progress | 26,406 | - | - | - | 26,406 |
| **Total historical cost** | **590,960** | **3,883** | **-** | **(2,312)** | **592,531** |
| Mines | (194,973) | - | (19,119) | 4,340 | (209,752) |
| Patents, licenses, and software | (184,310) | - | (5,527) | - | (189,837) |
| **Total depreciation and impairment** | **(379,283)** | **-** | **(24,646)** | **4,340** | **(399,589)** |
| **Intangible assets, net** | **211,677** | | | | **192,942** |

| 2021 | Opening balance | Additions | Amortization | Other changes | Closing balance |
|---|---|---|---|---|---|
| Intangible assets with indefinite useful life | 115,389 | - | - | - | 115,389 |
| Mines | 255,347 | - | - | 199 | 255,546 |
| Patents, licenses, and software | 193,252 | - | - | 315 | 193,567 |
| Intangible asset projects | - | 52 | - | - | 52 |
| Intangible assets in progress | 26,406 | - | - | - | 26,406 |
| **Total historical cost** | **590,394** | **52** | **-** | **514** | **590,960** |
| Mines | (171,612) | - | (23,361) | - | (194,973) |
| Patents, licenses, and software | (169,266) | - | (15,044) | - | (184,310) |
| **Total depreciation and impairment** | **(340,878)** | **-** | **(38,405)** | **-** | **(379,283)** |
| **Intangible assets, net** | **249,516** | | | | **211,677** |

As of December 31, 2022, and 2021, intangible assets in progress do not include current borrowing costs capitalization. The useful lives of other intangible assets are:

| | Useful life ranges in years | Depreciation method |
|---|---|---|
| Argos brand | Undefined | |
| Rights | Finite: 1-28 years | Linear |
| Concessions, franchises, and licenses | Finite: 2-40 years | Linear |
| Licenses, patents, and software | Finite: 1-12 years | Linear |

The amortization of intangibles is recognized under the straight-line method as an expense in the statement of comprehensive income, in the sales cost line, administrative expenses and selling expenses, and impairment losses are recognized as expenses in the statement of comprehensive income in the asset's impairment line.

As of December 31, there are no restrictions on the intangible asset's realization, Cementos Argos S.A. has no contractual obligations to acquire or develop intangible assets.

Disbursements for research and development projects were recognized as expenses in the statement of comprehensive income during the period amounted to $8,369 (2021 $6,388). As of December 31, there are no restrictions on the intangible asset's realization, Cementos Argos S.A. has no contractual obligations to acquire or develop intangible assets.

The book value as of December 31, 2022 and 2021, and the remaining amortization time for significant assets is:

| | Remaining amortization period | 2022 | 2021 |
|---|---|---|---|
| Intangible asset with indefinite useful life | Undefined useful life | 115,389 | 115,389 |

The administration determined that the Argos brand, acquired from Grupo Argos S.A. in December 2005 for $115,389 is an intangible asset with an indefinite useful life, since it is not possible to estimate a foreseeable time limit over which it is expected to generate future economic benefits for the Company.

The Argos brand does not present an event or circumstance that constitutes an impairment indicator, however, because it is an intangible asset with an indefinite useful life, an impairment test was carried out to verify its value, allowing to conclude that by 2021, the brand does not present value decreases for impairment. The recoverable amount was determined using the value in use; the cash flows projection was carried out at a consolidated level for a period of 10 years, considering the expected business conditions for each Regional.

The discount rate applied to cash flow projections was a pre-tax WACC of 11.22%. It was calculated using the CAPM methodology, including risk-free rate, average country risk considering the geographies where Argos has a presence, stock market premium, beta sector, implicit devaluations, average tax rate, D/E ratio, debt cost from Cementos Argos S.A., and perpetual growth rate: 2.5%.

# NOTE 16: PROPERTY, PLANT AND EQUIPMENT

## 16.1. Conciliation of Cost, Accumulated Depreciation and Property, Plant and Equipment Impairment

| 2022 | Opening balance | Additions and depreciation | Sales and withdrawals | Other changes | Closing balance |
|---|---|---|---|---|---|
| Land | 379,102 | 859 | (566) | 12 | 379,407 |
| Assets in progress, assembly and transit | 576,168 | 142,143 | - | (55,843) | 662,468 |
| Buildings and constructions | 306,546 | 1,082 | (377) | 4,938 | 312,189 |
| Machinery and production equipment | 1,906,036 | 6,621 | (1,612) | 42,238 | 1,953,283 |
| Office, computer and communication equipment | 56,161 | 1,617 | (743) | 3,177 | 60,212 |
| Mines, quarries and mineral deposits | 132,902 | - | (2,296) | (4,602) | 126,004 |
| Overland transport equipment | 21,097 | 197 | (1,267) | 1,618 | 21,645 |
| River transport fleet | 2,081 | - | - | 70 | 2,151 |
| Aqueduct, networks and communication routes | 55,134 | 523 | (82) | 1,345 | 56,920 |
| Other assets | 21,866 | - | - | - | 21,866 |
| Advances given to third parties | 1,542 | 1,633 | - | 2 | 3,177 |
| **Total historical cost** | **3,458,635** | **154,675** | **(6,943)** | **(7,045)** | **3,599,322** |
| Buildings and constructions | (119,749) | (12,082) | 248 | 254 | (131,329) |
| Machinery and production equipment | (814,630) | (92,601) | 1,546 | (236) | (905,921) |
| Office, computer and communication equipment | (44,965) | (4,079) | 741 | (9) | (48,312) |
| Mines, quarries and mineral deposits | (93,274) | (4,235) | 2,148 | 5,881 | (89,480) |
| Overland transport equipment | (13,494) | (2,209) | 1,232 | - | (14,471) |
| River transport fleet | (793) | (109) | - | - | (902) |
| Aqueduct, networks and communication routes | (27,193) | (1,996) | 50 | - | (29,139) |
| Other assets | - | - | - | - | - |
| **Total depreciation and impairment** | **(1,114,098)** | **(117,311)** | **5,965** | **5,890** | **(1,219,554)** |
| **Net property, plant and equipment** | **2,344,537** | | | | **2,379,768** |

| 2021 | Opening balance | Additions and depreciation | Sales and withdrawals | Other changes | Closing balance |
|---|---|---|---|---|---|
| Land | 345,068 | - | (2,457) | 36,491 | 379,102 |
| Assets in progress, assembly and transit | 636,902 | 72,724 | - | (133,458) | 576,168 |
| Buildings and constructions | 273,542 | 1 | (2,379) | 35,382 | 306,546 |
| Machinery and production equipment | 1,772,496 | 1,297 | (29,376) | 161,619 | 1,906,036 |
| Office, computer and communication equipment | 53,704 | 349 | (461) | 2,569 | 56,161 |
| Mines, quarries and mineral deposits | 142,541 | - | - | (9,639) | 132,902 |
| Overland transport equipment | 20,864 | 233 | - | - | 21,097 |
| River transport fleet | 1,813 | - | - | 268 | 2,081 |
| Aqueduct, networks and communication routes | 54,930 | - | - | 204 | 55,134 |
| Other assets | 21,866 | - | - | - | 21,866 |
| Advances given to third parties | 79 | 1,463 | - | - | 1,542 |
| **Total historical cost** | **3,323,805** | **76,067** | **(34,673)** | **93,436** | **3,458,635** |
| Buildings and constructions | (105,919) | (8,297) | 2,006 | (7,539) | (119,749) |
| Machinery and production equipment | (723,777) | (84,509) | 27,905 | (34,249) | (814,630) |
| Office, computer and communication equipment | (40,563) | (4,819) | 424 | (7) | (44,965) |
| Mines, quarries and mineral deposits | (92,925) | (5,371) | - | 5,022 | (93,274) |
| Overland transport equipment | (11,198) | (2,296) | - | - | (13,494) |
| River transport fleet | (663) | (130) | - | - | (793) |
| Aqueduct, networks and communication routes | (25,083) | (2,110) | - | - | (27,193) |
| Other assets | (3,116) | (738) | - | 3,854 | - |
| **Total depreciation and impairment** | **(1,003,244)** | **(108,270)** | **30,335** | **(32,919)** | **(1,114,098)** |
| **Net property, plant and equipment** | **2,320,561** | | | | **2,344,537** |

For 2022, there were no new capitalizations of costs per loan; for 2021, some projects were closed and $5,317 were capitalized to the assets created in said closing.

Within the heading construction in progress, equipment in assembly and transit and assets from the Helios project are included for a value of $583,546 and $527,111 million pesos for 2022 and 2021, respectively; corresponding to the construction and updating project of one of the cement plants, which is part of the existing integrated network for Colombia and its start-up in operation is estimated for 2025.

As of December 31, 2022 and 2021, there are no affected assets as collateral for the fulfillment of property, plant and equipment obligations.

At the end of the reporting and comparative period, there are no restrictions on the realization of property, plant and equipment, nor contractual commitments for the acquisition of property, plant and equipment. Cementos Argos S.A. did not obtain compensation from third parties for impaired, lost or abandoned property, plant and equipment.

# NOTE 17: INVESTMENT PROPERTY

## 17.1. Investment Properties Conciliation

| | 2022 | 2021 |
|---|---|---|
| **Opening balance** | **100,767** | **97,938** |
| Additions | 551 | - |
| Net profits from fair value adjustments | 3,011 | 28 |
| Transfers from plant and equipment property | 1,600 | 3,086 |
| Provisions - | - | (25) |
| Sales | (2,401) | (259) |
| **Total investment properties** | **103,528** | **100,768** |

The fair value of investment properties for disclosure purposes is determined by the appraisal independent company Activos e Inventario Ltda. The appraisal companies used the comparative market and/or residual approach methodology to estimate the fair value.

The input data for the fair value modification are classified as level 2 input data within the fair value hierarchy, a hierarchy that also corresponds to the complete estimation, since it corresponds to offer prices, appraisals or controls of similar properties that are observable, either directly or indirectly, in the market, and that have been adjusted or homogenized by factors such as the area, access roads, immediate neighborhood, finishes, improvements, conservation status, among others.

Rental income from investment properties for the period amounted to $983 (2021 $650). Direct expenses related to investment properties are $2,740 (2021 $1,838).

As of December 31, 2022, and 2021, the Company has no contractual obligations to acquire, build or develop investment properties, nor are there restrictions on any property.

# NOTE 18: ASSETS HELD FOR SALE

Cementos Argos S.A. has assets that are expected to be realized through a sale transaction instead of being maintained for continued use and for which a sales plan has been initiated, these assets have been classified as held for sale in accordance with IFRS 5. The assets are available for immediate sale and their sale is highly probable. As of December 31, 2022 and December 31, 2021, Cementos Argos S.A. does not have discontinued operations classified as non-current assets held for sale or disposed of during the period. For these periods, the balance of non-current assets held for sale is:

**Headings mentioned above are detailed below:**

| 2022 | Opening balance | Additions | Sales | Withdrawals | Other changes | Closing balance |
|---|---|---|---|---|---|---|
| Property, plant and equipment | 2,625 | - | - | - | (1,600) | 1,025 |
| Other assets | - | 53 | - | - | - | 53 |
| **2022 Historical cost** | **2,625** | **53** | **-** | **-** | **(1,600)** | **1,078** |

| 2021 | Opening balance | Additions | Sales | Withdrawals | Other changes | Closing balance |
|---|---|---|---|---|---|---|
| Property, plant and equipment | 28,977 | 3,570 | (27,244) | - | (2,678) | 2,625 |
| Other assets | 1,222 | - | (679) | (135) | (408) | - |
| **2021 Historical cost** | **30,199** | **3,570** | **(27,923)** | **(135)** | **(3,086)** | **2,625** |

**I.** On March 30, 2021, an asset for $95 was sold, generating a profit of $7. On December 1 and 3, three assets were sold for a value of $26,750, generating a profit of $280, without impact on income tax and without associated deferred tax.
**II.** On March 30, 2021, an asset worth $392 was sold. On December 1, 2021, an asset worth $280 was sold, generating a loss of $7, with no impact on income tax and no associated deferred tax.
**III.** During the first 2021 quarter, 17 properties were received in payment enactment for a value of $3,570 million, these were classified as non-current assets held for sale. On March 3, two of these were sold for $250 and on March 4, six more were sold for $696, with no impact on income tax and no associated deferred tax.
**IV.** On July 25, 2022, a sale plan begins for an asset worth 53 million that is expected to be sold in the first half of 2023.
**V.** On December 28, 2022, three non-current assets held for sale for a value of 1,600 million are reclassified back to Investment Properties since the sale was not materialized in the expected time.

# NOTE 19: FINANCIAL LIABILITIES

| | 2022 | 2021 |
|---|---|---|
| Promissory notes in national currency | 818,648 | 401,729 |
| Promissory notes in foreign currency | 755,040 | 358,655 |
| Other obligations (i) | 499,346 | 379,000 |
| | **2,073,034** | **1,139,384** |
| Current | 1,441,228 | 858,777 |
| Non-current | 631,806 | 280,607 |
| **Financial Obligations** | **2,073,034** | **1,139,384** |

i. These correspond to financial liabilities with Companies from the same economic Group, and additionally, it includes REPO operations with Sudamericana shares for $34,008.

## 19.1. Loan Agreements Summary

Financial liabilities in national and foreign currencies include short and long-term credits.

Among the most significant are the following credits:

### 19.1.1. 2022 FINANCIAL LIABILITIES

| Category | Entity | Concept | Expiration | Currency | Contractual Value (COP) |
|---|---|---|---|---|---|
| | | | | | 2022 |
| National bank | Brokers | REPO | 2022 | COP | 8,303 |
| National bank | Bancolombia values | REPO | 2023 | COP | 25,512 |
| National bank | Itaú Corpbanca | Working capital loan | 2023 | COP | 60,000 |
| National bank | Banco de Occidente | Working capital loan | 2023 | COP | 11,250 |
| National bank | Banco de Occidente | Working capital loan | 2023 | COP | 12,850 |
| National bank | Banco de Occidente | Working capital loan | 2023 | COP | 25,900 |
| National bank | Banco Popular | Working capital loan | 2023 | COP | 100,000 |
| National bank | BBVA | Working capital loan | 2023 | COP | 30,000 |
| National bank | Scotiabank – Colpatria | Working capital loan | 2023 | COP | 12,500 |
| National bank | Bancolombia | Working capital loan | 2023 | COP | 50,000 |
| National bank | BBVA | Working capital loan | 2023 | COP | 160,000 |
| National bank | Davivienda | Working capital loan | 2023 | COP | 50,000 |

| Category | Entity | Concept | Expiration | Currency | Contractual Value (COP) |
|---|---|---|---|---|---|
| | | | | | 2021 |
| Foreign bank | BCP | Working capital loan | 2023 | Dollar | 60,000 |
| Foreign bank | Banco Santander | Working capital loan | 2025 | Dollar | 15,000 |
| Foreign bank | Banco Santander | Working capital loan | 2026 | Dollar | 15,000 |
| Foreign bank | Scotiabank – Colpatria | Working capital loan | 2023 | Dollar | 10,000 |
| Foreign bank | Bancolombia | Working capital loan | 2023 | Dollar | 5,000 |
| Foreign bank | SMBC | Working capital loan | 2023 | Dollar | 10,000 |
| Foreign bank | NATIXIS | Working capital loan | 2023 | Dollar | 40,000 |

### 19.1.2. 2021 FINANCIAL LIABILITIES

| Category | Entity | Concept | Expiration | Currency | Contractual Value (COP) |
|---|---|---|---|---|---|
| | | | | | 2021 |
| National bank | Banco de Bogotá | Working capital loan | 2022 | Dollar | 60,000 |
| National bank | Itaú | Working capital loan | 2022 | COP | 90,000 |
| National bank | Bancolombia | Working capital loan | 2022 | COP | 110,000 |
| National bank | Davivienda | Working capital loan | 2022 | COP | 40,000 |
| National bank | BBVA | Working capital loan | 2023 | COP | 160,000 |

| Category | Entity | Concept | Expiration | Currency | Contractual Value (COP) |
|---|---|---|---|---|---|
| | | | | | 2021 |
| Foreign bank | Santander | Working capital loan | 2025 | Dollar | 15,000 |
| Foreign bank | Santander | Working capital loan | 2026 | Dollar | 15,000 |

## 19.2. Loan Agreement Breach

During the reported periods, the Company did not default on principal or interest payments for financial liabilities and/or for loans payable. In turn, during 2022, there was no material modification to the credit agreements that already existed.

## 19.3. Reconciliation between the Beginning and Ending Liabilities arising from Financing Activities:

| | Financial Liabilities | Related obligations | Obligations Rights of use | Bonds | Coberturas | Dividendos | Total |
|---|---|---|---|---|---|---|---|
| **Balance as of January 01, 2022** | **760,384** | **530,486** | **65,899** | **3,183,557** | **32,634** | **69,372** | **4,642,332** |
| Changes in cash flow from financing | | | | | | | |
| Amounts from loans | 2,040,877 | 354,595 | - | - | - | - | 2,395,472 |
| Payment of loans and debt instruments | (1,330,644) | (340,651) | | | | | (1,671,295) |
| Amounts from bond issuance | - | - | - | 302,771 | - | - | 302,771 |
| Paid interest | (43,352) | - | (5,456) | (333,442) | (21,110) | - | (403,360) |
| Paid dividend on ordinary shares | - | - | - | - | - | (246,854) | (246,854) |
| Paid dividend on preferred shares | - | - | - | - | - | (44,120) | (44,120) |
| Outstanding bonds payment | - | - | - | (381,149) | - | - | (381,149) |
| Lease liabilities payments | - | - | (16,214) | - | - | - | (16,214) |
| Collections (payment) from financial derivatives | - | - | - | - | 62,693 | - | 62,693 |
| **Total changes in cash flow from financing** | **666,881** | **13,944** | **(21,670)** | **(411,820)** | **41,583** | **(290,974)** | **(2,056)** |
| **Other Changes in other EFE lines** | **180,432** | **57,432** | **(6,764)** | **366,426** | **29,035** | **387,476** | **1,014,037** |
| **Balance as of December 31, 2022** | **1,607,697** | **601,862** | **37,465** | **3,138,163** | **103,252** | **165,874** | **5,654,313** |

| | Financial Liabilities | Related obligations | Obligations Rights of use | Bonds | Hedges | Other liabilities | Total |
|---|---|---|---|---|---|---|---|
| **Balance as of January 01, 2021** | **652,855** | **562,342** | **202,858** | **3,450,812** | **31,275** | **179,431** | **5,079,573** |
| Changes in cash flow from financing | | | | | | | |
| Amounts from loans | 973,482 | - | - | - | - | - | 973,482 |
| Payment of loans and debt instruments | (925,886) | - | - | - | - | - | (925,886) |
| Amounts from bond issuance | - | - | - | (283,918) | - | - | (283,918) |
| Paid dividend on ordinary shares | - | - | - | - | - | (239,973) | (239,973) |
| Paid dividend on preferred shares | - | - | - | - | - | (57,719) | (57,719) |
| Paid interest | (18,018) | - | (5,902) | (210,056) | (9,079) | - | (243,055) |
| Lease liabilities payments | - | - | (74,967) | - | - | - | (74,967) |
| Collections of financial derivatives | - | - | - | - | 22,667 | - | 22,667 |
| **Total changes in cash flow from financing** | **29,578** | **-** | **(80,869)** | **(493,974)** | **13,588** | **(297,692)** | **(829,369)** |
| **Other Changes in other EFE lines** | **77,951** | **(31,856)** | **(56,090)** | **226,719** | **(12,229)** | **187,633** | **392,128** |
| **Balance as of December 31, 2021** | **760,384** | **530,486** | **65,899** | **3,183,557** | **32,634** | **69,372** | **4,642,332** |

Cementos Argos S.A. reports overdrafts under IAS 7, overdrafts enforceable at any time by the bank are an integral part of the company's cash management, in such circumstances, overdrafts are included as cash and cash equivalents components.

# NOTE 20: ASSETS AND LIABILITIES FOR LEASE

## 20.1. Leases as Lessee

### 20.1.1. LEASE AGREEMENTS

In the ordinary course of business, Cementos Argos S.A. subscribes contracts for the lease of land, buildings, yellow machinery, vehicles, including concrete mixer trucks and equipment, which are accounted for as assets for a lease's right-of-use in the separate financial statements, except for those leases whose lease term is less than twelve months or the underlying asset of the new contract is less than 3,000 for administrative assets and 5,000 for operating assets.

On the other hand, there are no significant lease agreements that provide significant restrictions related with the dividend's distribution, additional debt and new leases contracts, nor are there significant contingent fees, renewal options or escalator clauses.

As of December 31, 2022, most of the real estate lease contracts recognized are linked to the consumer price index of each jurisdiction in which they were subscribed. Few lease contracts are referenced at reference rates or payments that vary to reflect changes in market rental prices.

### 20.1.2. RIGHT-OF-USE ASSETS AND LIABILITIES IN LEASE

Balance of right-of-use assets and liabilities in lease includes:

| 2022 | Right-of-use assets in lease | | | | | | Lease liability closing balance |
|---|---|---|---|---|---|---|---|
| | Opening balance | Transfers from (to) PPE | Additions | Depreciation | Other changes | Final | |
| Land | 558 | - | 888 | (1,106) | - | 340 | 355 |
| Buildings and constructions | 44,115 | 6 | (10,124) | (9,430) | (4,042) | 20,525 | 11,413 |
| Machinery and production equipment | 20,909 | - | 858 | (6,571) | (119) | 15,077 | 18,286 |
| Overland transport equipment | 8,543 | - | 2,944 | (2,900) | (609) | 7,978 | 7.413 |
| **Lease assets and liabilities, net** | **74,125** | **6** | **(5,434)** | **(20,007)** | **(4,770)** | **43,920** | **37,467** |

| 2021 | Right-of-use assets in lease | | | | | | Lease liability closing balance |
|---|---|---|---|---|---|---|---|
| | Opening balance | Transfers from (to) PPE | Additions | Depreciation | Other changes | Final | |
| Land | 305 | - | 928 | (674) | - | 559 | 384 |
| Buildings and constructions | 80,056 | (27,533) | 2,228 | (10,406) | (231) | 44,114 | 32,833 |
| Machinery and production equipment | 108,281 | (56,369) | 2,399 | (8,838) | (24,563) | 20,910 | 23,703 |
| Overland transport equipment | 51,777 | - | 4,476 | (5,797) | (41,914) | 8,542 | 8,980 |
| **Lease assets and liabilities, net** | **240,419** | **(83,902)** | **10,031** | **(25,715)** | **(66,708)** | **74,125** | **65,900** |

The contractual lease liabilities cash flows classified by maturity as of December 31, 2022, are:

| | 2022 | 2021 |
|---|---|---|
| One year or less | 13,884 | 17,898 |
| From 1 to 3 years | 23,688 | 30,260 |
| From 3 to 5 years | 7,563 | 16,872 |
| From 5 to 10 years | 4,573 | 8,831 |
| **Total contractual cash flows from lease liabilities** | **49,708** | **73,861** |
| Discount effect from lease liabilities | (12,241) | (7,961) |
| **Total lease liabilities** | **37,467** | **65,900** |
| Current | 9,790 | 15,508 |
| Non-current | 27,677 | 50,392 |
| **Total lease liabilities** | **37,467** | **65,900** |

#### 20.1.3. HEADINGS RECOGNIZED IN THE INCOME STATEMENT AND CASH FLOWS FROM LEASES

| | 2022 | 2021 |
|---|---|---|
| **LEASES UNDER IFRS 16** | | |
| Interest expense from lease liabilities | 5,456 | 5,902 |
| Expenses related to short-term leases and variable leases | 6,821 | 5,638 |
| Expenses related to leases of low value assets | 1,350 | 1,485 |

#### 20.1.4. RENEWAL OPTIONS

Most of the company's leases contain renewal options that can be exercised to extend the lease term from one year to 20 years, and that can be exercised up to one year before the end of the non-cancellable contract period. Generally, the Company exercises these renewal options for the financial and operational facilities they provide. The renewal options are only exercisable by Cementos Argos S.A. and not by the lessor. The Company evaluates on the lease start date if it is reasonably safe to exercise the renewal options and considers them in the lease term determination. It also reassesses whether it is reasonably safe to exercise the options if there is an event or significant changes in the circumstances under its control.

### 20.2. Leases as Lessors

#### 20.2.1. FINANCIAL LEASES

The company has no financial lease agreements in which it acts as lessor.

#### 20.2.2. OPERATING LEASES

Cementos Argos S.A. signs lease contracts as lessors of commercial premises, warehouses, apartments, and houses, as well as leasing of machinery and operating equipment, fleet and transport equipment. All leases are classified as operating leases from the lessor perspective. The minimum future rights of the lease of non-cancellable operating leases for ranges of years and in total, consisted of the following:

| | 2022 | 2021 |
|---|---|---|
| **LEASES UNDER IFRS 16** | | |
| One year or less | 286 | 312 |
| **Non-cancellable operating lease rights** | **286** | **312** |

Rental income recognized by the Company during 2022 was $1.070 (2021 $733).

## NOTE 21: TRADE LIABILITIES AND OTHER ACCOUNTS PAYABLE

| | 2022 | 2021 |
|---|---|---|
| Current commercial accounts | 136,524 | 151,485 |
| National suppliers | 129,074 | 113,883 |
| Dividends payable | 105,007 | 8,174 |
| Miscellaneous creditors | 6,242 | 17,789 |
| Other accounts payable | 22,565 | 21,111 |
| Costs and expenses payable | 1,862 | 10,127 |
| Foreign suppliers | 18,508 | 10,965 |
| Accounts payable to contractors | 321 | 407 |
| **Trade liabilities and other accounts payable** | **420,103** | **333,941** |
| Current | 420,103 | 333,941 |
| **Trade liabilities and other accounts payable** | **420,103** | **333,941** |

The average credit period for the Company’s purchases ranges between 8 and 60 days. No interest is paid to suppliers for 60-day payments.

# NOTE 22: EMPLOYEE BENEFITS LIABILITIES

| | 2022 | 2021 |
|---|---|---|
| Short-term employee benefits | 44,796 | 46,561 |
| Post-employment employee benefits - Defined benefit plans | 183,141 | 216,484 |
| Post-employment employee benefits without actuarial calculation | 9 | 337 |
| Employee benefits for termination | 748 | 6,941 |
| **Employee benefits** | **228,694** | **270,323** |
| Current | 79,529 | 76,584 |
| Non-current | 149,165 | 193,739 |
| **Employee benefits** | **228,694** | **270,323** |

## 22.1. Post-Employment Benefit Plans - Defined Benefit Plans

Pension liabilities, pension bonds and titles, retirement premiums and other post-employment benefits are accounted for in accordance with the IAS 19 requirements.

Independent actuarial consultants annually calculate the actuarial valuation of plan's assets and the present value of the defined benefit obligation. The present value of the defined benefit obligations and the related current and past service costs were calculated using the projected unit credit method.

On December 22, 2016, the Ministry of Commerce, Industry and Tourism issued Decree 2131, whereby it is required to disclose the calculation of pension liabilities in accordance with the parameters established in Decree 1625/2016 and, in the case of partial pension commutation, in accordance with Decree 1833/2016, as well as the differences arising from the calculation carried out in accordance with IAS 19 – Employee Benefits.

For 2022, the amount included in the consolidated statement of financial position derived from the entity's obligation regarding the defined benefit plans, and movements in the present value from the defined benefit obligations for the current year are presented below:

| | Pension plan | Pension securities and bonds | Seniority premium and similar | Retirement bonus | Other defined benefit plans | Total |
|---|---|---|---|---|---|---|
| **Current obligations value as of January 1, 2022** | **184,265** | **27,336** | **9,826** | **2,479** | **2,589** | **226,495** |
| Current service cost | - | - | 624 | 113 | 4 | 741 |
| Interest cost for the defined benefits obligation | 14,823 | 1,864 | 813 | 203 | 223 | 17,926 |
| **(Gain)/Actuarial loss for changes in:** | | | | | | |
| Experience | 2,456 | 5,721 | - | 97 | (55) | 8,219 |
| Demographic assumptions | - | - | - | 179 | - | 179 |
| Financial assumptions | (30,025) | (2,695) | (2,353) | (406) | (7) | (35,486) |
| Benefits directly paid by the company | (19,746) | (6,869) | - | (174) | (17) | (26,806) |
| **Current obligations value as of December 31, 2021** | **-** | **2,942** | **-** | **-** | **(2,348)** | **594** |
| Present obligations value as of December 31, 2022 | 151,773 | 28,299 | 8,910 | 2,491 | 389 | 191,862 |
| Current plan assets value as of January 1, 2022 | - | - | 10,011 | - | - | 10,011 |
| "Risk Free" Interest Income | - | - | 849 | - | - | 849 |
| Return on plan assets, excluding interest | - | - | (1,150) | - | - | (1,150) |
| Contributions made by the company | - | - | 482 | - | - | 482 |
| Payments made by the plan | - | - | (1,471) | - | - | (1,471) |
| **Current plan assets value as of December 31, 2022** | **-** | **-** | **8,721** | **-** | **-** | **8.721** |
| **Net current obligations value as of December 31, 2022** | **151,773** | **28,299** | **189** | **2,491** | **389** | **183,141** |

| | Pension plan | Pension securities and bonds | Seniority premium and similar | Retirement bonus | Other defined benefit plans | Total |
|---|---|---|---|---|---|---|
| **Current obligations value as of January 1, 2022** | **232,414** | **31,597** | **9,270** | **2,956** | **2,971** | **279,208** |
| Current service cost | - | - | 633 | 136 | - | 769 |
| Interest cost for the defined benefits obligation | 14,030 | 1,425 | 640 | 168 | 192 | 16,455 |
| **(Gain)/Actuarial loss for changes in:** | | | | | | |
| Experience | (7,565) | 392 | - | 139 | (81) | (7,115) |
| Demographic assumptions | - | - | - | - | (1) | (1) |
| Financial assumptions | (35,179) | (2,252) | (717) | (518) | (567) | (39,233) |
| Benefits directly paid by the company | (19,435) | (3,826) | - | (219) | (108) | (23,588) |
| **Current obligations value as of December 31, 2021** | **184,265** | **27,336** | **9,826** | **2,662** | **2,406** | **226,495** |
| Present obligations value as of December 31, 2022 | - | - | 5,845 | - | - | 5,845 |
| Current plan assets value as of January 1, 2022 | - | - | 311 | - | - | 311 |
| "Risk Free" Interest Income | - | - | 360 | - | - | 360 |
| Return on plan assets, excluding interest | - | - | 3,495 | - | - | 3,495 |
| **Contributions made by the company** | **-** | **-** | **10,011** | **-** | **-** | **10,011** |
| **Payments made by the plan** | **184,265** | **27,336** | **(185)** | **2,662** | **2,406** | **216,484** |

The plan assets fair value is composed as follows:

| | 2022 | 2021 |
|---|---|---|
| Investment funds | 8,721 | 10,011 |
| **Plan assets fair value** | **8,721** | **10,011** |

### 22.1.1. LIABILITIES COMPARISON FOR DEFINED BENEFIT PENSION PLANS, SECURITIES AND PENSION BONDS

On December 22, 2016, the Ministry of Commerce, Industry and Tourism issued Decree 2131, whereby it is required to disclose the pension liabilities calculation, in accordance with the parameters established in Decree 1625/2016 and, in the case of partial pension commutation, in accordance with Decree 1833/2016, as well as the differences arising from the calculation carried out in accordance with IAS 19 – Employee Benefits. The following is the comparison between the benefits plans liabilities established for pension plans, securities and bonds, calculated in accordance with Decree 1625 of 2016 and, in the case of partial pension swaps, in accordance with Decree 1833 of 2016 and with the calculation pursuant to IAS 19 - Employee Benefits, as of December 31, 2022 and 2021:

| | Calculation made in accordance with IAS 19 - Employee Benefits | Calculation made in accordance with Decree 1625 of 2016 | Comparison between the liability calculated in accordance with IAS 19 and Decree 1625 |
|---|---|---|---|
| **Current obligations value as of:** | | | |
| December 31, 2022 | 180,072 | 212,645 | (32,573) |
| December 31, 2021 | 211,601 | 211,746 | (144) |

The main actuarial assumptions used to determine obligations for the defined benefits plans are the following:

| | 2022 | 2021 |
|---|---|---|
| Inflation rate (%) | 3.00% | 3.50% |
| Discount rate (%) | 12.86% | 8.23% |
| Salary increases (%) | 5.13% | 4.17% |
| Minimum wage increase (%) | 5.00% | 5.24% |
| Mortality table | Valid rentiers 2008 | Valid rentiers 2008 |
| Turnover table | 150% SOA Pension turnover | 150% SOA Pension turnover |

The total expense recognized in the statement of income for the period represents the contributions for the defined contribution plans for 2022, $32,242 (2021 $29,014). The Company expects to make contributions for the next 2023 annual period about $27,349.

## 22.2. Pension Plans, Securities and Pension Bonds

According to the Colombian Labor Code, the pension benefits granted to employees under the new social security regime (Law 100 of 1993) are accounted for as defined contribution plans, the Company covers its obligation to pensions through the payment of contributions to the Social Security Institute (ISS, by its Spanish acronym), and/or to the private pension funds under the terms and conditions contemplated by the law.

The pension benefits granted to employees not covered under the new social security regime (Law 100 of 1993), which essentially correspond to senior staff, are accounted as unfunded defined benefit plans. The company must pay retirement pensions or issue pension bonds to their employees or beneficiaries who meet certain requirements regarding age and length of service.

The benefit gives employees the right to a lifetime monthly retirement pension or an old age pension, equivalent to seventy-five percent (75%) of the average wages earned in the last year of service, subject to a minimum payment of a monthly minimum wage and a maximum wage equal to 25 monthly minimum wages. In addition, two additional payments are made, one in June and one in December.

When the participant expects to receive benefits from the Social Security Institute (ISS), these benefits are deducted from the benefits payable by the Company's and therefore, reduce the Company's obligation. Pension payments increase according to inflation. When a pensioner receives a pension equal to the minimum wage, the pension increases in accordance with the minimum wage increases.

On the other hand, the death benefit takes place in the event of death after retirement, in which the beneficiary receives 100% of the pension for a period that will depend on each beneficiary. Payments for social security pensions to Pension Administration Funds are the responsibility of the Company as employer.

For workers who have retired from the company with a conventional or anticipated pension, which in any case is shared, the company continues to make contributions to the pension system until such time the pensioner meets the old-age requirements stated by the ISS (Colpensiones). Thus, the company is in charge of 100% of pension contributions until those requirements are met. The contribution is calculated based on the pension value. Additionally, in terms of health, Cementos Argos S.A. partially assumes a percentage of the pensioner's contribution.

Additionally, the defined benefit obligation for retirement pensions includes employees of Compañia Industrial Hullera S.A., in liquidation, as a result of the normalization process of pension liabilities in which Cementos Argos S.A., assumed in a definitive manner the obligation proportion that corresponds to it according to the Official Communication set forth on October 9, 2012, issued by the Ministry of Labor.

## 22.3. Retirement Bonus

Para los empleados cobijados por alguna de las convenciones colectivas de trabajo, cuando se termine el contrato de un trabajador por el reconocimiento de pensión de jubilación, invalidez o vejez, se les otorga una gratificación equivalente a 5 salarios mínimos legales vigentes.

## 22.4. Pension Bonds and Securities Plan

According to the Colombian Labor Code, employers must pay retirement pensions or issue pension bonds to their employees who meet certain requirements regarding age and length of service. The Company has issued pension securities to them, Pension Bond Type A Mode 2 and Pension Bond Type A Mode 1. This obligation applies to some areas where the ISS did not have pension coverage prior to 1994.

The benefit is conferred upon retirement from the Company until such time the participant retires through the Colombian Social Security system. During this period, the Company makes contributions to the pension system on behalf of the employee. Pension bonds and titles are resources to contribute to the conformation of the capital needed to finance the pensions of members of the Colombian General Pension System.

## 22.5. Other Defined Benefit Plans

Retired employees in Colombia receive a death benefit that increases according to the Consumer Price Index (CPI), equivalent to 5 five legal minimum wages (SMLV, by its Spanish acronym). Retired employees of the Valle plant in Colombia receive an education benefit until their death, as well as the children of retirees up to 25 years old. Beneficiaries receive the amount regardless of the worker survival. Every year the benefit increases according to Consumer Price Index (CPI), as does the dental benefit until the death of the employee, as long as the service is formally requested, with annual increases according to Consumer Price Index (CPI).

**Benefit For Pension Gap At Retirement**

The benefit of this provision consists in the granting of a single premium at the time of disengagement with the entity to enjoy the old age pension, the value of which corresponds to the money needed to close the executive's pension gap. This benefit currently has contributions in private pension funds that will be used only at the time of compliance with the requirements to obtain the benefit.

**Retroactive Severance Plan**

According to Colombian labor law, employees hired before the effect of Law 50 of 1990 are entitled to receive at the end of the employment contract one month's salary for each year of service, and proportionally for each fraction of a year, as a severance benefit for any reason that terminates the employment, including: retirement, disability, death, etc. The benefit is paid at the time of the employee's retirement based on the last salary earned.

As of December 31, 2022 and 2021, the Company has no reimbursement rights related to obligations under defined benefit plans.

The average duration in years of the defined benefit obligation is as follows:

| | Pension plan | Pension securities and bonds | Retirement bonus | Other defined benefit plans | Total average duration |
|---|---|---|---|---|---|
| 2022 Average duration | 6.2 | 2,8 | 6.5 | 4.8 | 5.0 |
| 2021 Average duration | 8.1 | 3.2 | 5.7 | 6.8 | 5.9 |

The significant actuarial assumptions for the determination of the defined obligation are discount rate, expected salary increases and mortality. The following sensitivity analyses are based on potential reasonable changes in the respective presumptions that occur at the end of the reporting period, while all other assumptions remain constant.

| | 2022 | | 2021 | |
|---|---|---|---|---|
| | Decreases | Increases | Decreases | Increases |
| Higher (lower) discount rate, 100 basis points | 192,741 | 174,169 | 232,402 | 202,921 |
| Expected salary growth increases (decreases) by 1% | 2,557 | 2,917 | 2,470 | 2,876 |
| Life expectancy increases (decreases) by one year | 155,869 | 147,997 | 190,385 | 178,707 |

The sensitivity analysis presented above may not be representative of real change in the defined benefit obligation, since assumptions are not likely to change in isolation from one another, given that some of the assumptions may be correlated.

Additionally, in the above sensitivity analysis the present value of the defined benefit obligation was calculated using the projected unit credit method at the end of the reporting period, which is the same that was applied when calculating the liability of the defined benefit obligation recognized in the statement of financial position.

# NOTE 23: PROVISIONS

| | Litigation, lawsuits and other contingencies [i] | Decommissioning [ii] | Environmental [iii] | Other provisions [iv] | Total |
|---|---|---|---|---|---|
| **Book value as of January 1, 2022** | **9,288** | **31,993** | **8,366** | **193** | **49,840** |
| Realized provisions | 5,775 | 4,383 | 1,085 | 22,632 | 33,875 |
| Provision's utilization | (5,638) | (3,133) | (1,742) | (20,183) | (30,696) |
| Reversals carried out | - | (1,927) | (453) | - | (2,380) |
| Discount rate adjustment | (1,275) | (9,248) | 936 | - | (9,587) |
| **Book value as of December 31, 2022** | **8,150** | **22,068** | **8,192** | **2,642** | **41,052** |
| Current | 7,988 | 3,467 | 4,694 | 2,642 | 18,791 |
| Non-current | 162 | 18,601 | 3,498 | - | 22,261 |
| **Book value as of December 31, 2022** | **8,150** | **22,068** | **8,192** | **2,642** | **41,052** |

| | Litigation, lawsuits and other contingencies [i] | Decommissioning [ii] | Environmental [iii] | Other provisions [iv] | Total |
|---|---|---|---|---|---|
| **Book value as of January 1, 2021** | **7,308** | **37,777** | **9,151** | **3,839** | **58,075** |
| Realized provisions | 4,371 | 2,892 | 463 | 8,128 | 15,854 |
| Provision's utilization | (1,507) | (2,594) | (456) | (11,774) | (16,331) |
| Reversals carried out | - | (3,579) | (191) | - | (3,770) |
| Discount rate adjustment | (884) | (2,503) | (601) | - | (3,988) |
| **Book value as of December 31, 2021** | **9,288** | **31,993** | **8,366** | **193** | **49,840** |
| Current | 9,288 | 5,785 | 2,122 | 193 | 17,388 |
| Non-current | - | 26,208 | 6,244 | - | 32,452 |
| **Book value as of December 31, 2021** | **9,288** | **31,993** | **8,366** | **193** | **49,840** |

(i) Cementos Argos S.A. is party to judicial proceedings of different natures, both as plaintiff and defendant, which are being addressed diligently by qualified attorneys hired by the Company. Conflicts are of labor, civil, administrative, criminal and tax character. This type of litigation arises in the ordinary course of business of any company the size of Cementos Argos S.A., and the Company expects a probable outflow of resources. The appropriate reserves have been estimated for these processes based on criteria, such as the nature of the process, the evidence contained, economic factors, the possible sentence projected, etc., which will cover the possible unfavorable sentences or decisions that may occur. We believe that the estimated time of resolution for these processes ranges between three (3) and eight (8) years approximately.

(ii) Cementos Argos S.A. is obligated to incur in future costs related to compliance with mining laws regarding the exploitation of mineral resources, the assets decommissioning and restoration of the environment where these assets were built, which is carried out when a mining operation is completed or when the mining rights expire, whichever is less. The maximum decommissioning obligations execution date is the expiration date of the mining title concession, so the disbursement of economic resources is estimated for a five-year period prior to the legal requirement. However, in some cases where the operation is completed in an area covered by a title that is still effective for more than five years, the disbursements are estimated to be made within five years after the operations completion. In order to determine the best estimate to be used to settle, the Administration considers the areas affected by mining exploitation, the mining exploitation schedule and the costs incurred during past decommissioning operations.

(iii) Cementos Argos S.A. is obligated to incur in environmental costs related to forestry compensation for quarries and forestry exploitation, costs of removal and subsequent disposal of hazardous waste, specifically previously stored PCBs (polychlorinated biphenyls). For forestry compensations, Cementos Argos S.A. has pledged to settle its environmental obligations within a maximum period of five years or as indicated by Resolution to each identified environmental liability. In order to determine the best estimate to be used to settle; the Administration mainly considers financial variables and planting, maintenance and isolation costs for a four years' period. In the estimation of the PCBs disposition, the disbursements of packaging, transportation and disposal are mainly considered.

(iv) Cementos Argos S.A., according to the accounting regulatory framework, recognizes as a liability the additional losses generated by its subsidiary SUMMA S.A.S., if the subsidiary subsequently reports profits, the company will resume recognition as an investment.

# NOTE 24: OUTSTANDING BONDS AND PREFERRED SHARES

| | 2022 | 2021 |
|---|---|---|
| Outstanding bonds | 3,138,163 | 3,183,557 |
| Preferred shares classified as compound financial instruments | 60,866 | 61,198 |
| | **3,199,029** | **3,244,755** |
| Current | 458,288 | 317,884 |
| Non-current | 2,740,741 | 2,926,871 |
| **Current obligations value as of December 31** | **3,199,029** | **3,244,755** |

## 24.1. Outstanding Bonds

Outstanding bonds issued by Cementos Argos S.A., comprise the following as of December 31, 2022 and 2021:

| Issuance | Placement date | Term | Effective rate | Interest payment method | Securities issued | |
|---|---|---|---|---|---|---|
| | | | | | 2022 | 2021 |
| 2009 issuance | 28/04/2009 | 15 years | CPI + 7,19% | Quarterly in arrears | 201,130 | 229,530 |
| | | | | | | |
| 2012 issuance | 16/05/2012 | 10 years | CPI + 4,24% | Quarterly in arrears | - | 285,696 |
| 2012 issuance | 16/05/2012 | 15 years | CPI + 4,50% | Quarterly in arrears | 303,082 | 303,082 |
| | | | | | | |
| 2014 issuance | 27/11/2014 | 10 years | CPI + 3,80% | Quarterly in arrears | 186,175 | 190,675 |
| 2014 issuance | 27/11/2014 | 15 years | CPI + 4.21% | Quarterly in arrears | 311,707 | 311,707 |
| | | | | | | |
| 2016 issuance | 13/04/2016 | 10 years (1) | CPI + 4,19% | Quarterly in arrears | 121,075 | 121,075 |
| 2016 issuance | 13/04/2016 | 15 years (1) | CPI + 4,47% | | 121,075 | 184,157 |
| | | | | | | |
| 2017 issuance | 24/05/2017 | 6 years (2) | TF+6,65% | Quarterly in arrears | 194,055 | 211,355 |
| 2017 issuance | 24/05/2017 | 13 years (2) | CPI+ 3,64% | Quarterly in arrears | 388,145 | 388,145 |
| 2017 issuance | 24/05/2017 | 25 years (2) | CPI + 3,99% | Quarterly in arrears | 400,500 | 400,500 |
| | | | | | | |
| 2018 issuance | 27/06/2018 | 10 years (2) | CPI+ 3,75% | | 158,550 | 158,550 |
| 2018 issuance | 27/06/2018 | 20 years (2) | CPI+ 4,04% | | 125,850 | 125,850 |
| | | | | | | |
| 2020 issuance | 25/11/2020 | 5 years (3) | CPI+ 2,24% | Quarterly in arrears | 204,747 | 250.000 |
| | | | | | | |
| 2022 Reopening 2020 Issuance | 01/12/2022 | 2 years | CPI+ 8,75% (4) | Quarterly in arrears | 102,350 | - |
| 2022 Issuance of commercial papers | 01/12/2022 | 1 year | IBR + 7,15% (4) | Quarterly in arrears | 113,201 | - |
| 2022 Issuance of commercial papers | 01/12/2022 | 1 year | TF + 18,70% (4) | Quarterly in arrears | 99,298 | - |
| | | | | | **3,030,940** | **3,160,322** |

(1) The issue is part of the issue and placement program for ordinary bonds and commercial papers charged to a global quota of $1,000,000, approved through Resolution No. 0422 of the Financial Colombian Superintendence on March 23, 2012.
(2) The issue is part of the issue and placement program for ordinary bonds and commercial papers charged to a global quota of $1,000,000, approved through Resolution No. 0518 of the Financial Colombian Superintendence on April 03, 2017. Previously, the increase in said quota had been approved by resolution 0422 of 2012.
(3) The issue is part of the issue and placement program for ordinary bonds and commercial papers charged to a global quota of $1 billion approved through Resolution No. 0585 of the Colombian Superintendence ("SFC") on May 10, 2018.
(4) The issuance constitutes the second batch of the second issuance of ordinary bonds corresponding to the bond issuance and placement program of Cementos Argos S.A. in the main market. The Company awarded one hundred two thousand three hundred and fifty million pesos ($102,350) in the market.

In 2022, those bonds with an initial nominal balance of $299,896 million pesos matured and in 2021, the bonds with an initial nominal balance of $94,768 and $215,600 million pesos matured in April and June, respectively.

All issues are rated AA with a stable outlook by the rating firm Fitch Ratings Colombia S.A. and they are registered securities, issued to order and negotiable in the secondary market through the Colombian Stock Exchange. During 2022, financial interest expense was recorded for $367,914 (2021 $232,395) of ordinary commercial bonds for $3,175 (2021 $0) and preferred shares for $1,488 (2021 $5,675).

## 24.2. Preferred Shares

Per the approval of the General Shareholder's Meeting of March 15, 2013; Cementos Argos S.A., carried out the issuance and placement of shares with preferential dividends and no voting rights (hereinafter, preferred shares) in May of 2013 for $1,610,824, allocating 209,197,850 preferred shares with a subscription price of $7,700 per preferential share, as determined by the Board of Directors of the Company.

The issuance of preferred shares is a compound financial instrument. The issuer, for its subsequent recognition and measurement, identified the debt and equity components by assessing the contractual instrument terms, as well as the issuer's obligations. Given the issuer contractual obligation to pay the minimum annual dividend to shareholders if the Company generates profits, the issuance incorporates a financial liability component. Once this liability has been measured, the difference between the value received and the value of the obligation constitutes an equity component. The part corresponding to the financial liability should be measured at least during each interim period and recognize their impact on the period result; the equity element is not subject to further measurement.

Cementos Argos determined the liability component by discounting the cash flows corresponding to the minimum preferential dividend, which were calculated in perpetuity; the discount rate applied corresponded to the market rate at the issuance date of similar instruments that did not incorporate an equity component. Considering the difficulty of identifying a financial instrument on the market with the same characteristics as the issuance, the financial liability discount rate was determined by referencing the current yield of longer-term bonds issued by Cementos Argos S.A. in Colombian pesos. For this purpose, Cementos Argos S.A. valuation rate for 2024 bonds issuance, was issued in May 2012 at long-term (15 years) and is indexed to the CPI.

Preferred shares had a minimum yearly dividend of 3% on the subscription price that was paid during the first 12 quarters, starting from the placement date. In April 2016, this last minimum dividend corresponding to 3% per year on the subscription price was paid, and as of the thirteenth quarter, the minimum annual dividend will be $10 per share, which will increase with the annual CPI at the end of each year. The issuance prospectus does not contain options to buy or sell the preferred shares.

The shares holders with preferential dividends and no voting rights are entitled to receive a minimum dividend in a preferential manner compared to the one corresponding to ordinary shares, provided they generated distributable profits during the immediately preceding accounting year. Under no circumstances will the dividends received by holders of ordinary shares exceed the ones decreed in favor of preferred shares; the preferential reimbursement of their contributions-once the external liabilities have been paid-in the event of the dissolution and liquidation of the issuer, and other rights provided for in the issuer bylaws for ordinary shares holders, except (i) to subscribe ordinary shares preferentially, and (ii) to vote on the proposals in the General Shareholder's Meeting of the issuer. By way of exception, preferred shares will grant their holders the right to vote in the events described in the placement and issuance prospectus.

The liability recognized by the issuance of preferred shares is composed of the debt component valuation and the reduction of direct issuance costs allocated to the liability component, according to the participation percentage of each component in the issuance amount. The debt component is measured at amortized cost using the effective interest rate. The effective interest rate for the subsequent measurement of the debt component at amortized cost was determined by matching cash flows receivable or payable estimated over the expected life of the financial instrument to the net book value of the liability component at the initial recognition time. The financial liability increases with interest recognition applying the effective interest rate and decreases to the extent that the minimum dividends are accounted for to the preferred shareholders.

# NOTE 25: FINANCIAL INSTRUMENTS

## 25.1. Capital Risk Management

Cementos Argos S.A. manages its capital from a long-term perspective, seeking to maintain a balanced, efficient and flexible capital structure to safely accompany and support the organization growth process. The Company considers equity shares, both ordinary and preferential, short and long-term financial obligations, as well as ordinary bonds as capital. Cementos Argos S.A. is not subject to externally imposed capital requirements.

The Company uses the Net debt / EBITDA + dividends indicator to monitor the capital structure. The net debt consists of financial obligations minus cash and temporary investments. This indicator allows to establish the Company's level of leverage regarding its cash generation. Additionally, this indicator is included in the long-term loan agreements that Company has. Other indicators, such as the debt's short-term and long-term relationship, average life, and free cash flow, also are considered to analyze the capital structure.

The Company periodically monitors that the Net debt / EBITDA + dividends leverage indicator stays within a specific range that enables a sustainable growth and the goals achievement set forth by the Administration.

In order to manage other indicators, such as the average debt life, and its long and short-term distribution, there is ample access to credit through approved lines with national and international banks and the possibility of accessing the capital market through the issuance of ordinary bonds and/or commercial papers in the local market.

The composition of the Group's liabilities exhibits an adequate balance between currencies, taking advantage of natural hedges between assets and liabilities denominated in the same currency. The capital structure of the Group considers the fit between the indebtedness denominated in dollars and the EBITDA generated in United States and the Central American and Caribbean countries operations, which generate their flows mainly in dollars.

In 2022 and comparative period, there have been no significant changes in the Company's capital management objectives, policies, or processes.

## 25.2. Financial Instruments Categories

| | Financial Assets | |
|---|---|---|
| | 2022 | 2021 |
| Cash and Banks (See note 5) | 102,518 | 72,771 |
| Instruments derived from hedging relationships (See note 6) | 125,809 | 32,237 |
| Financial assets measured at amortized cost (See note 7-8) | 1,252,586 | 381,961 |
| Financial assets measured at fair value with changes in other comprehensive income (See note 7) | 1,196,577 | 858,522 |
| **Financial Assets** | **2,677,490** | **1,345,491** |

| | Financial Liabilities | |
|---|---|---|
| | 2022 | 2021 |
| Instruments derived from hedging relationships (See note 6) | 22,557 | 3,239 |
| Financial liabilities measured at amortized cost | 5,692,168 | 4,718,080 |
| **Financial Liabilities** | **5,714,725** | **4,721,319** |
| **Financial liabilities, net** | **(3,037,236)** | **(3,375,828)** |

### 25.2.1. FINANCIAL ASSETS MEASURED AT FAIR VALUE WITH CHANGES IN OTHER COMPREHENSIVE INCOME

| | 2022 | 2021 |
|---|---|---|
| Grupo de Inversiones Suramericana S.A. | 1,192,587 | 851,848 |
| Carvajal Pulpa y Papel S.A. | 619 | 619 |
| | **1,193,206** | **852,467** |
| **Dividends recognized during the period related to investments that:** | | |
| Remain recognized at the end of the period | 22,294 | 17,006 |
| **Total dividends recognized during the period related to investments that:** | **22,294** | **17,006** |

Equity investments indicated in the table above are not held for negotiation purposes, these are held for strategic purposes in the medium and long term. The Company's Administration believes that this classification for these strategic investments provides more reliable financial information, rather than reflecting changes to their fair value immediately in the period results.

### 25.2.2. FINANCIAL ASSETS RECLASSIFICATION

For 2022, the financial assets have not made changes in the business model of management and administration of financial assets, therefore, financial assets have not been reclassified under the fair value modality towards amortized cost, or vice versa.

## 25.3. Financial Risk Management Objectives

Cementos Argos S.A. financial policies are defined by the Corporate Finance committee and managed by the Corporate Finance Management, and they seek to ensure a solid financial structure and maintain the Company's exposure to market risk, liquidity and credit at optimal levels, according to the nature of the operations. The Company is exposed to exchange rate risks, interest rate, credit and liquidity risk, among others. The risk is eliminated or mitigated to tolerable levels of exposure by using natural hedging or financial derivatives, to the extent allowed by the market. The use of financial derivatives for speculative purposes is not allowed.

Special operations, such as shares or bonds acquisitions and issuance, may temporarily exceed the limit established by the Administration, a situation that is controlled by permanently monitoring the volatility and the execution of investment plans associated with the specific transaction that was carried out.

### 25.3.1. FOREIGN EXCHANGE RISK MANAGEMENT

The Company is exposed to exchange rate risk as a result of the investments it maintains in subsidiaries with a functional currency other than the Colombian peso, for transactions carried out in currencies other than its functional currency and for financing sources denominated in currencies other than its local currency. Fluctuations in exchange rates have direct impacts on cash and separate financial statements.

The analysis of exposure to exchange rate risk is carried out on assets, liabilities, income and expenses in currencies other than their functional currency, and where the local currency floats freely without exchange controls, since those subsidiaries located in countries with foreign exchange controls present low volatility in exchange rate fluctuations.

The exposure of the statement of financial position is determined by calculating the net position in dollars, made up of the liabilities and assets in dollars of said companies. The company uses different natural hedging mechanisms to meet its objective of minimizing the volatility of the foreign exchange difference item in the separate income statement. Exposure to cash flows is monitored by analyzing the compensation of income and expenses in foreign currency, seeking to maximize the match between cash inflows and outflows in the same currency in order to minimize dollars purchases or sales in the spot market. When there is certainty about the occurrence of a short or long cash flow in foreign currency, hedges are carries out through financial derivatives if an imbalance with the natural position is found. In the Colombian geographic segment subsidiaries, the net position at the end of 2022 is 125 million short dollars (2021 2,6 million short dollars).

The carrying amounts of monetary assets and liabilities denominated in foreign currency at the end of the reporting period are as follows:

| | Monetary assets | | Monetary liabilities | | Net exposure | |
|---|---|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| US dollar, expressed in million pesos | 501,777 | 673,851 | 1,148,800 | 698,536 | (647,023) | (24,685) |
| US dollar, expressed in thousand dollars | - | 169,260 | - | 175,460 | - | (6,200) |
| Euro, expressed in million pesos | 184 | 185 | 2,425 | 2,852 | (2,241) | (2,667) |
| Euro, expressed in thousand euros | - | 41 | - | 630 | - | (589) |

### 25.3.2. RISK MANAGEMENT OF INTEREST RATES AND INFLATION INDICES

The interest rate risk arises mainly from the type of interest rate of the company's loans. An increase in the rates at which financial instruments are indexed could make fixed-rate loans more expensive, increasing financial expenses. A decrease in interest rates in the market could represent an opportunity cost of reducing the financial expense on fixed-rate loans. The concentration of interest rate risk materializes when an extremely high exposure to a particular index is detected in the financial debt portfolio. The Company considers an exposure to a fixed rate between 15% and 35% of its total consolidated debt to be adequate. The Company has maintained on average a relationship between fixed rate (TF) and variable rate (TV) of 25% TF vs 75% TV. The Company's debt profile is reported monthly to Management, indicating the concentration levels of TF vs. TV, distribution by term (short term vs. long term) and distribution by currency (COP vs. USD vs. other currencies). With the results presented, decisions are made to manage the debt portfolio, such as the advance payment of obligations, structuring of financial derivatives to balance the position in interest rates and/or currencies, etc. As of December 31, 2022, 23.61% of the consolidated debt was agreed at a fixed interest rate (2021 32%).

The reference interest rates of the Colombian financial market that generate exposure to the Company are the CPI, DTF and IBR, and the LIBOR international reference rate for credits in dollars. Cementos Argos S.A. has not considered exposure to other local or international rates.

### 25.3.3. CREDIT RISK MANAGEMENT

The credit risk derived from financial assets that implies the risk of the counterparty defaulting is reduced by evaluating and assessing clients with exposure or who require credit beyond the established limits and actual collaterals. The maximum exposure to credit risk is represented by the financial assets balance. The administration has developed policies for credit authorization to customers. The exposure to credit risk is constantly monitored according to the debtor’s payment behavior.

The credit risk derived from the investments made by the Company in the financial system is monitored through the use of an issuer quota model, which stipulates the maximum amount that the company may have invested in an American, European, Honduran, or Colombian bank, where most of the Company’s cash is concentrated. The policy restricts the amount of investment in banks to the limit calculated by the model quotas, without the authorization of the Financial Vice President. The models incorporate variables, such as national and international rating, leverage indicators, and liquidity indicators of banking entities. When the amounts invested in a bank exceed the values calculated by the quotas model, the risk is considered to be highly concentrated in a single issuer. The Company balances that concentration, when the market allows it, by divesting the issuer that has exceeded the amount stipulated by the model and recomposing the investments with different alternatives, according to the calculated quotas. For banks that are not part of the model, the Company does not measure the issuer quota risk. In turn, banks that are not part of that model are entities in which there are no significant investments at the time of this report.

### 25.3.4. LIQUIDITY RISK MANAGEMENT

The Company has financial obligations with counterparties in the banking system and in the capital market. In order to mitigate the liquidity risk in the possible renewals of these credits, the Company plans the concentration of maturities monthly in order to avoid accumulating extremely high maturities in any given month of the year. Additionally, it has a broad portfolio of liquidity providers in different currencies, types of indexers and terms, including national banks, international banks, commercial financing companies, stockbrokers and issuance of bonds and trade papers in the capital market as a recurring issuer.

The balance of the debt distribution by term is another clear objective of management, with the goal of not concentrating more than 30% of financial liability maturities in the short-term. The years of duration of the financial liabilities are monitored month by month, and the objective is that the average life of the portfolio exceeds 3.5 years. Likewise, the Company has uncommitted credit quotas in national and international banks in a sufficient amount to cover any eventuality. The Company is also exposed to liquidity risk for breach of their financial commitments, which would trigger cross compliance clauses in other contracts. To mitigate this risk, the financial obligations in the credit agreements are monitored monthly and reported to Management.

Accounting working capital, defined as current assets minus current liabilities, shows a negative balance. This is mainly due to short-term loans and reclassifications of those loans that were long-term and whose maturity is already within the next 12 months. At the end of December, the company has available uncommitted quotas and is a recurring issuer in the Colombian stock market, with a quota in its bond and commercial paper issuance and placement program. These bank quotas and in the stock, market allow the structuring of sufficient financing alternatives to renew the current debt portion, together with the internal generation of the company liquid assets.

## 25.4. Foreign Currency Sensitivity Analysis

The Company is mainly exposed to the USD currency. The following table shows the impact on net income of a 20% depreciation or appreciation in the Colombian peso, against the relevant foreign currencies after considering the hedge accounting effect. The 20% represents the sensitivity rate used when reporting currency risk internally to key management personnel and represents management's assessment of a possible but extreme scenario.

The sensitivity analysis includes only outstanding monetary headings denominated in foreign currency and adjusts their translation at the end of the period for a 20% change in exchange rates. The sensitivity analysis includes external loans, as well as loans for foreign operations within the Company, where the loan denomination is in a currency other than the currency of the lender and the borrower. An appreciation of the Colombian peso has a positive impact on net income. Depreciation has the opposite effect.

During the period, there have been changes in the methods and assumptions used for the sensitivity analysis, going from 25% to 20% as standardization to the policies established by the Company.

| | 2022 | 2021 |
|---|---|---|
| **20% increase in US dollar regarding functional currency** | | |
| Income before taxes, expressed in million pesos | 129,405 | (4,937) |
| Equity | 149,767 | 111,942 |

## 25.5. Sensitivity Analysis of Interest Rates and Inflation Indices

The following sensitivity analyzes have been determined based on exposure to interest rates and inflation indices for both derivative and non-derivative instruments at the end of the reporting period. For liabilities at variable rates, a sensitization is carried out, assuming that the amount of the outstanding liability at the end of the reporting period has been the outstanding liability for the entire year. When internally informing key management personnel about interest rate risk, an increase or decrease of 100 basis points over the indicator's spot rate is used, which represents management's assessment of the possible reasonable change in interest rates.

During the period, there have been changes in the methods and hypotheses used for the sensitivity analysis, going from 25% to 100PB on the indexer sport rate as agreement to the policies established by the Company.

| | IPC | | Libor | | IBR | |
|---|---|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| **Increase of 100PB over the indexer spot rate** | | | | | | |
| Income before taxes, expressed in million pesos | 25,375 | 29,490 | - | - | 8,164 | 4,532 |
| Other comprehensive income | 19,489 | - | 3,421 | 4,154 | (29,583) | (1,300) |

## 25.6. Derivative Contracts in Foreign Currency

The following table lists derivative contracts in foreign currency under hedge accounting, outstanding at the end of the reporting period:

| | Average rate of derivative contract | | Underlying notional value in Colombian pesos [1] | | Fair assets value (liabilities) | |
|---|---|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| **US dollar** | | | | | | |
| 1 year or less, purchase forward | 4,470 | 3,901 | 611,230 | 438,629 | 51,872 | (15,215) |
| 1 year to 5 years, purchase swap | 3,545 | 3,545 | 144,306 | 119,435 | 49,015 | (15,974) |
| **Total foreign currency derivative contracts** | | | **755,536** | **558,064** | **100,887** | **(31,189)** |

(1) The underlying notional value includes values in American dollars. For disclosure purposes, these amounts have been converted into Colombian pesos using the closing exchange rate in force for each reporting date.

The following tables detail the notional principal amounts and remaining terms of forward and exchange rate swap contracts outstanding at the end of the reporting period.

## 25.7. Interest and Liquidity Risk Tables

The following tables detail the remaining contractual maturity of Cementos Argos S.A. for its non-derivative financial liabilities with agreed-upon reimbursement periods. The tables have been designed based on the undiscounted cash flows of financial liabilities, based on the date on which the Company must make payments. The tables include both interest and principal cash flows. When the interest is at the variable rate, the undiscounted amount is derived from the interest rate curves at the end of the reporting period. The contractual maturity is based on the minimum date on which the Company must make the payment.

| | Weighted average effective rate | One year or less | From 1 to 5 years | 5 years or more | Total contractual cash flows | Book Value |
|---|---|---|---|---|---|---|
| **December 31, 2022** | | | | | | |
| Non-interest-bearing liabilities | | 420,103 | - | - | 420,103 | 420,103 |
| Instruments with variable interest rates | 16.79% | 1,229,875 | 3,027,521 | 3,085,431 | 7,342,827 | 3,437,654 |
| Instruments with fixed interest rates | 12.99% | 934,014 | - | - | 934,014 | 870,644 |
| Other liabilities | | 2,472 | 10,520 | 192,122 | 205,114 | - |
| | | **2,586,464** | **3,038,041** | **3,277,553** | **8,902,058** | **4,728,401** |

| | Weighted average effective rate | One year or less | From 1 to 5 years | 5 years or more | Total contractual cash flows | Book Value |
|---|---|---|---|---|---|---|
| **December 31, 2021** | | | | | | |
| Non-interest-bearing liabilities | | 333,941 | - | - | 333,941 | 333,941 |
| Instruments with variable interest rates | 8.26% | 968,057 | 1,764,277 | 2,895,248 | 5,627,582 | 3,510,718 |
| Instruments with fixed interest rates | 4.89% | 83,908 | 386,597 | - | 470,505 | 433,223 |
| Other liabilities | | 2,411 | 10,263 | 194,850 | 207,524 | 61,198 |
| | | **1,388,317** | **2,161,137** | **3,090,098** | **6,639,552** | **4,339,080** |

The following table details the Company's liquidity analysis for its derivative financial instruments. The table has been designed based on the discounted contractual net cash flows that are paid on a net basis, and the discounted gross cash flow of the derivatives that require gross payment. When the amount payable or receivable is not fixed, the amount disclosed has been determined by referencing projected interest rates as illustrated by the yield curves at the end of the reporting period.

As of December 31, 2022, the Company does not have derivative contracts that are settled for their gross amount.

| | December 31, 2022 | | | December 31, 2021 | | |
|---|---|---|---|---|---|---|
| | One year or less | From 1 to 5 years | Total | One year or less | From 1 to 5 years | Total |
| **Net settled amount:** | | | | | | |
| Forward | 60,296 | - | 60,296 | 15,215 | - | 15,215 |
| Swaps | (15,489) | 58,445 | 42,956 | (313) | 14,094 | 13,781 |
| | **44,807** | **58,445** | **103,252** | **14,902** | **14,094** | **28,996** |

## 25.8. Collateral Guarantee

In 2022, the financial assets pledged as collateral are the following:

- 24,183,262 shares of the issuer Grupo de Inversiones Suramericana S.A. to the financial entity Banco Santander as collateral for a loan for USD 100 million.

At the end of 2022, the company has 10,194,345 shares of Grupo de Inversiones Suramericana as collateral for passive repos. At the end of 2021, the Group had no financial assets pledged as collateral for financial liabilities or contingent liabilities.

## 25.9. Financial Assets and Liabilities Fair Value

The Company determines the fair value of all its financial assets and liabilities in the reporting period for measurement or disclosure in the financial statements.

The following table shows, for each of the levels of fair value hierarchy, the Company's assets and liabilities measured at fair value on December 31, 2022 and 2021:

| | December 31, 2022 | | | December 31, 2021 | | |
|---|---|---|---|---|---|---|
| | Level 1 | Level 2 | Financial assets at fair value | Level 1 | Level 2 | Financial Derivatives |
| Financial Derivatives | - | 22,557 | 22,557 | - | 3,239 | 3,239 |
| **Financial assets at fair value** | **-** | **22,557** | **22,557** | **-** | **3,239** | **3,239** |
| | | | | | | |
| **Financial assets at fair value:** | | | | | | |
| In results | | 2,797 | 2,797 | | | |
| In ither comprenhensive income (See note 7) | 1,193,207 | 3,370 | 1,196,577 | 852,467 | 3,370 | 855,837 |
| Financial Derivatives | - | 125,809 | 125,809 | - | 32,237 | 32,237 |
| **Financial assets fair value** | **1,193,207** | **131,976** | **1,325,183** | **852,467** | **35,607** | **888,074** |
| **Net assets ( liabilities) at fair value** | **1,193,207** | **109,419** | **1,302,626** | **852,467** | **32,368** | **884,835** |

The book value and estimated fair value of Cementos Argos S.A. assets and liabilities hat are not recognized at fair value in the separate statement of financial position, but require disclosure at fair value as of December 31, 2022 are:

| | December 31, 2022 | | December 31, 2021 | |
|---|---|---|---|---|
| | Book Value | Fair value, Level 2 | Book Value | Fair value, Level 2 |
| Non-interest-bearing liabilities | 420,103 | 420,103 | 333,941 | 333,941 |
| Instruments with variable interest rates | 3,437,654 | 3,437,654 | 3,510,718 | 3,399,448 |
| Instruments with fixed interest rates | 870,644 | 870,644 | 433,223 | 421,862 |
| Other liabilities | - | 16,197 | 61,198 | 39,402 |
| **Financial liabilities measured at fair value** | **4.728.401** | **4,744,598** | **4,339,080** | **4,194,653** |
| | | | | |
| Cash and cash equivalents | 102,518 | 102,518 | 72,771 | 72,771 |
| Accounts receivable | 781,943 | 788,184 | 381,961 | 387,328 |
| **Financial assets measured at fair value** | **884,461** | **890,702** | **454,732** | **460,099** |
| **Net financial liabilities measured at fair value** | **(3,843,940)** | **(3,853,896)** | **(3,884,348)** | **(3,734,554)** |

As of December 31, 2022 and 2021, there were no transfers between fair value hierarchy levels, or changes to the assets and liabilities measured at fair value on a recurrent basis using unobservable variables classified at level 3 of the fair value hierarchy.

# NOTE 26: ISSUED CAPITAL

As of December 31, 2022 and 2021, the authorized capital is made up of 1,500,000,000 shares with a nominal value in pesos of $416 each, for a total value of $624,000. The subscribed and paid capital is made up of 1,234,054,317 (2021 1,234,054,317) common shares and 209,197,850 preferred shares, with a nominal value in pesos of $416, for a total of $513,367 (2021 $513,367) and $87,026 (2021 $87.026), respectively. Own shares reacquired are 63,575,575. As of December 31, 2022 and 2021, the outstanding shares are 1,379,676,592 (2021 1,379,676,592). The separate statement of changes in equity includes a share placement premium of $1,642,158 (2021 $1,642,158).

As a result of the process of accepting dividends payment in shares, the Board of Directors approved the release of 18,806,432 common shares, equivalent to a dividend payment value of $100,238, corresponding to a subscribed and paid capital increase of $7,823 and premium in placement of shares of $92,416.

Investments in associates and joint ventures of the Company do not hold ordinary or preferred shares from Cementos Argos S.A. or any of its subsidiaries at the reporting date or in comparative periods. The Company has not reserved common or preferred shares for option contracts or contracts for shares sale.

Cementos Argos S.A. can only acquire its own shares by decision of the General Assembly of Shareholders, with the favorable vote of the number of subscribed shares determined by law, with funds taken from liquid profits and provided that such shares are fully released.

## 26.1. Reconciliation of Paid Ordinary Shares

| | | Number of shares | Social Capital | Share placement premium |
|---|---|---|---|---|
| Balance as of December 31, 2022 | Paid ordinary shares | 1,234,054,317 | 513,367 | 268,089 |
| Balance as of December 31, 2022 | Preferred shares | 209,197,850 | 87,026 | 1,374,069 |
| Balance as of December 31, 2021 | Paid ordinary shares | 1,234,054,317 | 513,367 | 268,089 |
| Balance as of December 31, 2021 | Preferred shares | 209,197,850 | 87,026 | 1,374,069 |

Each ordinary share gives its owner the right to participate in the decisions of the General Shareholders' Meeting and vote in it, trade the shares freely, inspect the books and social papers freely during the fifteen (15) business days prior to the General Meeting in which the year-end financial statements are examined, and receive a proportionate share of the social assets at the time of settlement and once the company's external liabilities have been paid, among others included in the bylaws.

The shareholders holding ordinary shares shall have the right to subscribe preferentially in all new ordinary shares' issuance, a proportional amount to those held on the date on which the competent social agency approves the subscription regulations.

# NOTE 27: RESERVES AND OTHER COMPREHENSIVE INCOME

## 27.1. Reserves

### LEGAL RESERVE

The company is required to appropriate 10% of its annual net profits as a legal reserve, until the balance of this reserve is equivalent to 50% of the subscribed capital. As of December 31, 2022 and 2021, the value of the legal reserve amounts to $176,028 and $132,864, respectively. It increases from one period to another due to the considerations described in the profit distribution plan for 2021. The legal reserve value without including other equity adjustments such as the participation method on subsidiaries equity variations, amounts to $166,166 for the 2022 (2021 $123,055).

The reserve is not distributable before the Company liquidation, but it should be used to absorb or reduce annual net losses. Appropriations in excess of the 50% mentioned above are freely available to the General Shareholders' Meeting.

### RESERVE FOR SHARES REPURCHASE

This reserve, on the reacquired own shares, in accordance with the provisions of the Commercial Code, is only distributable to the shareholders until the shares are sold again. As long as the shares belong to the Company, the rights inherent to them will be suspended.

| | 2022 | 2021 |
|---|---|---|
| Reserve for shares repurchase | 113,797 | 113,797 |
| Repurchased own shares | (113,797) | (113,797) |

### RESERVES FOR EQUITY STRENGTHENING

In addition to the reserves established by law or the bylaws, the General Shareholders' Meeting may constitute freely available reserves for specific purposes.

# NOTE 28: RETAINED EARNINGS AND DIVIDENDS

## 28.1. Retained Earnings

| | 2022 | 2021 |
|---|---|---|
| **Opening balance** | **2,452,904** | **2,228,944** |
| Attributable loss to the owners of the Company | (208,053) | (262,207) |
| Ordinary and preferred dividends distributed in cash | 238,410 | 261,346 |
| Ordinary and preferred dividends distributed in shares | 0 | (100,238) |
| Provisioning | 26,223 | 7,136 |
| Provisions release | 0 | 103,328 |
| Participation in the subsidiaries equity variations | (382,723) | (916,104) |
| Effect of rate changes in income tax and occasional income tax in Colombia | (13,742) | 0 |
| Other variations | (364) | 1,130,699 |
| **Closing balance** | **2,112,654** | **2,452,904** |

## 28.2. Declared Dividends

The General Shareholders' Meeting held on March 18, 2022 decreed cash dividends on common and preferred shares of $281.2 per year per share, payable in four (4) equal installments.

The dividend payment was carried out in April, July and October 2022 and the last installment will be paid between January 17 and 27, 2023 for a total value of $387,965 corresponding to $329,139 and $58,826 of common and preferred shares, respectively.

Additionally, in an extraordinary Assembly held on August 25, 2021, the payment of an extraordinary dividend on ordinary and preferred shares was approved at the rate of $79.97 per share, for a total of $110,333, to be paid in a single installment on September 7, 2021.

During the period, Cementos Argos S.A. decreed the following dividends:

| | | 2022 | | 2021 | |
|---|---|---|---|---|---|
| **Decreed dividends** | **Shares** | **Annual $ per share** | **Total** | **Annual $ per share** | **Total** |
| **Cementos Argos S.A.** | | | | | |
| Ordinary dividend | 1,151,672,310 | - | - | 127.60 annually | 146,953 |
| Ordinary dividend | 1,170,478,742 | 281.2 annually | 329,139 | - | - |
| Preferred dividend | 209,197,850 | 281.2 annually | 58,826 | 127.60 annually | 26,694 |
| Extraordinary dividend (over ordinary shares) | 1,170,478,742 | - | - | 79.97 annually | 93,603 |
| Extraordinary dividend (over preferred shares) | 209,197,850 | - | - | 79.97 annually | 16,730 |
| | | | **387,965** | | **283,980** |

During the period, Cementos Argos S.A. made the following dividend payment:

| | January 1 to December 31, 2022 | | | January 1 to December 31, 2021 | | | |
|---|---|---|---|---|---|---|---|
| **Paid dividends** | **Over number of shares** | **Annual $ per share** | **Paid in cash** | **Paid in shares** | **Total paid** | **Annual $ per share** | **Total paid in cash** |
| **Cementos Argos S.A.** | | | | | | | |
| Ordinary dividend | 1,151,672,310 | | - | 83.73 – 127.60[1] | 146,369 | 97,017 | 243,386 |
| Ordinary dividend | 1,170,478,742 | 210.9 | | - | | - | - |
| Preferred dividend | 209,197,850 | 210.9 | 246,854 | 83.73 – 127.60[1] | 40,990 | 3,221 | 44,211 |
| Extraordinary dividend (over ordinary shares) | 1,170,478,742 | - | 44,120 | 79.97 | 93,604 | - | 93,604 |
| Extraordinary dividend (over preferred shares) | 209,197,850 | - | - | 79.97 | 16,729 | - | 16,729 |
| | | | **290,974** | **0** | **297,692** | **100,238** | **397,930** |

(1) The value of the dividend per share in 2021 corresponds to $83.73 paid in February 2021 as the last installment of the dividend declared in March 2020, and $127.60 corresponding to April 2021payment as a single installment of the dividend declared in March 2021.

On April 19, 2021, Cementos Argos made the dividends payment in shares and money, in accordance with the profit distribution project approved at Cementos Argos Shareholders' Ordinary Meeting on March 24, 2021.

As a result of the process of accepting the dividends payment in shares, 587 shareholders representing 58.24% of the company's outstanding shares accepted the dividends payment in shares, for which the Board of Directors approved the release of 18,806,432 common shares, equivalent to a dividend payment value of $100,238, changing the Company subscribed and paid capital from $592,569,425,760 corresponding to 1,424,445,735 shares, to $600,392,901,472 corresponding to 1,443,252,167 shares. Reserve shares went from 75,554,265 shares to 56,747,833 shares.

As a result of said release, the outstanding shares were as follows:

| | | Outstanding shares | |
|---|---|---|---|
| Cementos Argos S.A. | Type of shares | 2022 | 2021 |
| | ordinary | 1,170,478,742 | 1,170,478,742 |
| | preferred | 209,197,850 | 209,197,850 |
| **Total** | | **1,379,676,592** | **1,379,676,592** |

# NOTE 29: ORDINARY ACTIVITIES INCOME

An analysis of Cementos Argos S.A. income for the period for continuing operations (excluding financial income - see note 34) is presented below.

| | 2022 | 2021 |
|---|---|---|
| Income from the sale of goods | 1,734,568 | 1,565,775 |
| Income from services provision | 392,353 | 58,675 |
| | **2,126,921** | **1,624,450** |

Cementos Argos S.A. has no commitments that are estimated to generate losses.

Cementos Argos S.A. consolidated operating income is generated mainly through the cement sale. Sales are highly dependent on the construction industry performance, including residential, commercial and infrastructure projects, in each of the countries where Cementos Argos S.A. operates, or the products are sold. Fluctuations in the behavior of the construction industry significantly affect the cement volumes that the Company is able to sell, as well as the sales prices that the Company is able to receive for its products.

# NOTE 30: ADMINISTRATIVE EXPENSES

Administrative expenses as of December 31 comprised the following:

| | 2022 | 2021 |
|---|---|---|
| Staff expenses | 129,916 | 134,146 |
| Services | 42,223 | 41,745 |
| Fees | 17,915 | 10,950 |
| Property, plant and equipment depreciation | 13,734 | 12,984 |
| Maintenance and repairs | 10,797 | 10,973 |
| Intangible assets amortization | 10,305 | 19,660 |
| Insurances | 8,502 | 6,899 |
| Travel expenses | 6,484 | 2,516 |
| Contributions and affiliations | 3,574 | 3,166 |
| Leases | 2,530 | 2,523 |
| Taxes | 2,376 | 1,486 |
| Casino and restaurant | 1,132 | 190 |
| Debtor's impairment | 880 | 66 |
| Transportation | 536 | 383 |
| Adaptation and repairs | 532 | 493 |
| Supplies and stationery | 403 | 320 |
| Legal expenses | 352 | 955 |
| Commissions | 238 | 103 |
| Representation and public relationships expenses | 63 | 29 |
| Miscellaneous | 2,567 | 1,754 |
| | **255,299** | **251,341** |

# NOTE 31: SELLING EXPENSES

Selling expenses as of December 31 comprised the following:

| | 2022 | 2021 |
|---|---|---|
| Staff expenses | 34,094 | 31,627 |
| Services | 17,677 | 16,880 |
| Taxes | 14,692 | 13,777 |
| Customer replacement | 3,814 | - |
| Travel expenses | 1,740 | 957 |
| Debtor's impairment | 1,500 | 1,252 |
| Contributions and affiliations | 1,183 | 1,103 |
| Transportation | 1,014 | 791 |
| Property, plant and equipment depreciation | 987 | 904 |
| Fees | 553 | 209 |
| Insurance | 538 | 545 |
| Maintenance and repairs | 440 | 693 |
| Casino and restaurant | 249 | 143 |
| Representation and public relationships expenses | 98 | 54 |
| Intangible assets amortization | 42 | 57 |
| Adaptation and installation | 36 | 17 |
| Supplies and stationery | 33 | 27 |
| Leases | 28 | 13 |
| Legal expenses | 0 | 50 |
| Miscellaneous | 1,547 | 838 |
| **Grand Total** | **80,265** | **69,937** |

# NOTE 32: OTHER NET OPERATING INCOME (EXPENSES)

Other net operating income as of December 31 comprised the following:

| | 2022 | 2021 |
|---|---|---|
| Gain on recoveries (1) | 32,796 | 16,681 |
| Gain on sale of fixed assets and other assets (2) | 6,492 | 3,178 |
| Income (loss) from valuation (3) | 3,783 | (224) |
| Gain in uses | 1,743 | 2,190 |
| Gain (loss) on portfolio and fixed assets withdrawal | 1,579 | (4,079) |
| Earning on grants | 178 | 16 |
| Loss due to assumed tax (four per thousand) | (17,932) | (14,916) |
| (Loss) other income and expenses | (3,932) | (1,956) |
| Loss in litigation | (2,840) | (1,548) |
| Loss in donations | (1,047) | (4,352) |
| Loss from other assumed taxes | (891) | (993) |
| (Loss) gain in compensation | (610) | 109 |
| | **19,319** | **(5,894)** |

(1) Change in the structure of the deferred monthly rent, the nominal value for future years was organized and the dates of the rent were organized as well. This change generated a recovery. Provisions assigned to decommissioning were also reviewed, where mine closures were found, generating an opportunity to reduce the provision, and the valuation method for employee loans was changed, generating a recovery.
(2) Sale of sports center building to Distracom S.A. for $5,692, generating a sale profit of $5,608.
(3) Valuation at fair value of investment properties and biological assets.

# NOTE 33: FINANCIAL INCOME

| | 2022 | 2021 |
|---|---|---|
| Interest income | 14,535 | 4,434 |
| Dividends from equity investments | 22,294 | 17,005 |
| Others financial income | 5,984 | 180 |
| **Total financial income** | **42,813** | **21,619** |

# NOTE 34: FINANCIAL EXPENSES

| | 2022 | 2021 |
|---|---|---|
| Interest on bonds and preferred shares | 367,914 | 232,395 |
| Interest on financial derivatives | 30,506 | 7,604 |
| Interest on overdrafts and bank loans | 62,881 | 20,354 |
| Interest on related parties loans | 20,760 | 6,646 |
| Other financial expenses | 3,575 | 2,925 |
| **Total interest expenses on financial liabilities** | **485,636** | **269,924** |
| Minus included amounts in the qualified assets cost | - | - |
| **Total interest expenses on financial liabilities recorded in results** | **485,636** | **269,924** |
| Interest expenses on lease liabilities (See note 19) | 5,456 | 5,902 |
| Discount effect of provisions and employee benefits | 18,470 | 756 |
| **Total financial expenses** | **509,562** | **294,582** |

# NOTE 35: YEAR INCOME FROM CONTINUING OPERATIONS

The profit for the year from continuing operations is attributed to:

| | 2022 | 2021 |
|---|---|---|
| Company controllers | 142,229 | 431,076 |

The profit for the year from continuing operations amounted to the previously expressed totals, after the following charges (credits):

## 35.1. Losses from Financial Assets Impairment

| | 2022 | 2021 |
|---|---|---|
| Impairment loss on trade accounts receivable | 2,379 | 1,318 |
| Reversal of impairment losses on trade accounts receivable | 1,511 | 379 |

## 35.2. Depreciation and Amortization Expenses

| | 2022 | 2021 |
|---|---|---|
| Property, plant and equipment depreciation (1) | 109,106 | 98,354 |
| Intangible assets amortization | 24,646 | 38,405 |
| Right-of-use assets depreciation (2) | 19,458 | 25,715 |
| **Total depreciation and amortization expense** | **153,210** | **162,654** |

(1) The total depreciation value of Property, plant and equipment (note 16) corresponds to $117,311 (2021 $108,270) of which $8,205 (2021 $9,736) are capitalized in inventory.
(2) The total depreciation value of Property, plant and equipment (note 20) corresponds to $20,007 (2021 $25,715) of which $549 (2021 $0) are capitalized in inventory.

## 35.3. Employee benefit expenses

| | 2022 | 2021 |
|---|---|---|
| Cost | 150,618 | 122,652 |
| Overhead expense | 129,916 | 126,164 |
| Selling expenses | 34,094 | 28,923 |
| **Other expenses** | **314,628** | **277,739** |

# NOTE 36: INFORMATION FROM RELATED PARTIES

The immediate parent company of Cementos Argos S.A. is Grupo Argos S.A., which is headquartered in Medellin, Colombia, and holds a stake in the Company of 58.51% (2021 58,51%).

## 36.1. Qualitative Information on Transactions between Related Parties

### 36.1.1. TRANSACTIONS BETWEEN CEMENTOS ARGOS S.A. WITH THE SUBSIDIARIES OR BETWEEN SUBSIDIARIES THEMSELVES

- Clinker purchase and sale between Cementos Argos S.A. and its subsidiaries, and our subsidiaries among themselves, regardless of the region where they are located. The transaction involves the companies that produce clinker and sell it to the companies that produce cement, and the latter using it as a raw material to produce cement.
- Cement purchase and sale between Cementos Argos S.A. and its subsidiaries, and our subsidiaries among themselves, regardless of the region where they are located. The transaction involves the companies that produce cement and sell it to the companies that produce concrete, and the latter using it as a raw material to produce concrete. In the case of purchases and sales among cement companies, cement is transferred with the purpose of being commercialized.
- Aggregates purchase and sale between Cementos Argos S.A. and its subsidiaries, and our subsidiaries among themselves, regardless of the region where they are located. The transaction involves the companies that produce aggregates and sell them to the companies that produce cement or concrete, and they use it as a raw material for their products.
- Provision of transportation services between Logitrans S. A. and Cementos Argos S.A., Concretos Argos S. A. and Zona Franca S.A.S. The transaction involves Logitrans S. A., as a cargo transport intermediary, outsourcing transportation of Cementos Argos S.A. products or raw materials.
- Back-office services purchase and sale between Argos North America Corp. and its subsidiaries. The transaction involves Argos North America Corp. providing back-office services to its subsidiaries in exchange for a consideration from them. The services provided are basically financial, administrative and technological support.
- Management support contracts between Cementos Argos S.A., Argos Honduras S. A., Argos Dominicana S. A., Cimenterie Nationale S.E.M, Vensur NV, Argos Puerto Rico LLC, Argos Panamá and Ciments Guyanais. The transaction involves Cementos Argos S.A. providing management support services to the subsidiaries listed in exchange for a consideration from them. The services provided are basically administrative management services.
- Leasing contracts between Cementos Argos S.A. and its subsidiaries and among our subsidiaries themselves, the transaction consists in that the lessor gives as lessee the right-to-use real estate and river transport fleet for the development of its activities.
- Provision of maritime transport services between Transatlantic Cement Carriers Inc. and Cementos Argos S.A. and/or its subsidiaries. The transaction consists in that Transatlantic Cement Carriers Inc., acts as a maritime transport intermediary, outsourcing the products or raw materials transportation from Cementos Argos S.A. and/or its subsidiaries.

### 36.1.2. TRANSACTIONS BETWEEN GRUPO ARGOS S.A. WITH CEMENTOS ARGOS S.A. AND/OR ITS SUBSIDIARIES

- Real estate lease between Grupo Argos S. A. A. and/or its subsidiaries and Cementos Argos S.A. and/or its subsidiaries. The transaction involves Grupo Argos S. A. and/or its subsidiaries leasing space (offices, warehouses and/or lots) to Cementos Argos S.A. and/or its subsidiaries ,in order for the latter to develop their activities, whether productive or administrative.

### 36.1.3. TRANSACTIONS BETWEEN ENTITIES THAT HAVE A SIGNIFICANT INFLUENCE ON THE PARENT COMPANY AND THE GROUP.

- Cementos Argos S.A. and its subsidiaries contract real, property and personal damage insurance, mainly through the life and general insurers that are part of Grupo de Inversiones Suramericana. This operation is conducted to cover capital losses in all the regional offices, using the risk retention and distribution schemes negotiated jointly with said insurers, all in accordance with the regulations that apply in accordance with the corresponding jurisdiction.

### 36.1.4. TRANSACTIONS BETWEEN CEMENTOS ARGOS S.A. AND SUBSIDIARIES FROM GRUPO ARGOS.

- Energy purchase and sale between Celsia S.A. and Zona Franca Argos S.A.S., the transaction consists of Zona Franca Argos S.A.S. providing energy to Celsia S.A. for marketing purposes.

### 36.1.5. TRANSACTIONS BETWEEN THE GROUP AND INVESTMENTS IN ASSOCIATES

- Provision of business services. The transaction consists of SUMMA Servicios Corporativos Integrales S.A.S. providing specialized business services and administrative support services to Cementos Argos S.A. through the execution of an operating mandate agreement without representation, in exchange for a consideration by them. Among the services provided are basically financial, administrative, legal assistance, purchasing, human management, risks and insurance, communications and information technology services, among others. In the mandate agreement exercise, SUMMA Servicios Corporativos Integrales S.A.S. will pay all necessary expenses to conduct its operations and at the end of each period, will request the reimbursement of such expenses from Cementos Argos S.A.
- Air transport service between Internacional Ejecutiva de Aviación S.A.S. and Cementos Argos S.A. This deal consists of Internacional Ejecutiva de Aviación S.A.S. providing air transport service to Cementos Argos S.A. senior executives.

### 36.1.6. TRANSACTIONS BETWEEN THE GROUP AND INVESTMENTS IN JOINT VENTURES

- Cement and concrete sale to Odinsa S.A. joint ventures, a Grupo Argos S.A. Subsidiary. The transaction consists of cement and concrete sale to Odinsa S.A. consortiums for the elaboration of infrastructure works in different regions of the country.
- Provision of maritime transport services between Transatlantic Cement Carriers Inc. and Trans-Atlantic Shipmanagement Ltd. The transaction consists of Trans-Atlantic Shipmanagement Ltd. (Among other providers) providing the ocean freight service and ship leasing to Transatlantic Cement Carriers Inc. for the transportation of raw materials and finished products for Cementos Argos S.A. and/or its subsidiaries.

## 36.2. Transactions between Related Parties

| | Parent company | Entities with significant influence in the Group | Subsidiaries | Associated | Joint ventures | Key Management personnel | Total related parties |
|---|---|---|---|---|---|---|---|
| **2022** | | | | | | | |
| Sale of goods and other income | 599 | 22,302 | 752,057 | 207 | - | - | **775,165** |
| Purchase of goods and other expenses | 32 | 25,460 | 132,913 | 1,301 | - | 37,601 | **197,307** |
| Amounts receivable | 1,415 | 5,626 | 571,752 | - | - | - | **578,793** |
| Amounts payable | 48,371 | 5,194 | 623,785 | 3,732 | - | - | **681,082** |
| Lease assets | 266 | - | 4,713 | - | - | - | **4,979** |
| Lease liabilities | 286 | - | 10,280 | - | - | - | **10,566** |
| **2021** | | | | | | | |
| Sale of goods and other income | 174 | 17,006 | 339,103 | 255 | 1,020 | - | **357,558** |
| Purchase of goods and other expenses | 950 | 20,284 | 349,903 | 8,010 | 162 | 44,259 | **423,568** |
| Amounts receivable | 1,636 | 4,274 | 167,931 | 73 | 18 | - | **173,932** |
| Amounts payable | 10 | 7,630 | 548,994 | 2,676 | - | - | **559,310** |
| Lease assets | 401 | - | 17 | 16,581 | - | - | **16,999** |
| Lease liabilities | 274 | - | 13 | 23,011 | - | - | **23,298** |

As of December 31, 2022 and 2021, Cementos Argos S.A. has not recognized value impairment and expense for value impairment for the values receivable with related parties. Cementos Argos S.A. has not received or offered guarantees of balances receivable or payable to related parties. Transactions between the reporting Company and its related parties are conducted under conditions equivalent to those that exist in transactions between independent parties.

The average term of accounts receivable from related parties with respect to the sale of goods is 30 days, accounts payable between related parties have an average term of 30 days. The average term of the loans made by the Company for the year 2022 is 4 months in pesos and 12 months in dollars, agreed at a rate in pesos of 14.06% and 5.30% respectively. The average term of the loans for the year 2022 is 8 months in pesos, agreed at a rate in pesos of 6.64%.

### 36.3. Compensation from the Board of Directors and Key Management Personnel

| | 2022 | 2021 |
|---|---|---|
| Wages and other short-term employee benefits | 35,388 | 39,914 |
| Pension and other post-employment benefits | 2,213 | 2,675 |
| Termination benefits | - | 1,670 |
| **Total compensation of key management personnel for the period** | **37,601** | **44,259** |

Key management personnel include Board members, Nomination and Remuneration Committee, Audit and Finance Committee, Sustainability and Corporate Governance Committee, Directive Committee (made up by the President and Vice President), and of any other committee that directly depends on Cementos Argos and Grupo Argos Board of Directors, as well as Managers and their close relatives.

## NOTE 37: EXCHANGE DIFFERENCE

| | 2022 | 2021 |
|---|---|---|
| Exchange difference income | 167,687 | 65,911 |
| Exchange difference expense | 151,263 | 55,826 |
| **Gains by difference in foreign exchange, net** | **16,424** | **10,085** |

## NOTE 38: CONTINGENT ASSETS AND LIABILITIES

As of the date the financial statements are issued, there are certain contingent conditions that may result in a loss for Cementos Argos S.A. These contingencies are estimated by the Administration and its legal advisors based on their professional judgment. Considering the processes variability, it is possible that the probability of occurrence will vary in the future.

In estimating contingencies, legal advisors evaluate, among other aspects, the merits of the claims, the related jurisprudence, and the status of each of the processes to date. These matters are considered to be resolved without any significant effect on our operations, financial position or operations results.

### 38.1. Contingent Assets

At the date of preparation of the notes to the financial statements, Cementos Argos S.A. is not a party to legal proceedings, acting as a plaintiff, where the income or recovery of contingent assets exceeding $5,000 (million pesos) is expected individually. In any case, there are executive processes initiated by Cementos Argos S.A. against third parties for the portfolio recovery through legal proceedings. We believe that the estimated time of resolution for these processes' ranges between three (3) and eight (8) years approximately.

## 38.2. Contingent Liabilities

At the preparation date of the notes to the financial statements, we state that Cementos Argos S.A. takes part in legal proceedings of a different nature, acting both as plaintiffs and defendants, which are being diligently attended by qualified lawyers hired by each company. The conflicts here revealed are civil, administrative, criminal and fiscal; This type of litigation is one that arises in the ordinary course of business conducted by the Company of the size of operations of Cementos Argos S.A. We consider that the estimated completion time of these processes' ranges between approximately three (3) and eight (8) years.

**Puerto Nare Valorization**

In December 2018, Cementos Argos S.A. filed an action for nullity and restoration of rights against a resolution of recovery contribution for the "Puerto Nare - Puerto Triunfo" road rectification and paving, in the Antioquia department, for COP 18,126 million. The lawsuit was admitted, and, in its reply, the Antioquia department called in guarantee the firm that conducted the appraisal study. The Company presented a brief ruling on the answer to the lawsuit and requested again the suspension of the administrative act that contains the recovery contribution. We have not recorded any accounting provision considering that we have enough arguments to distort the payment obligation attributed to the Company.

# NOTE 39: EVENTS OCCURRED AFTER THE REPORTING PERIOD

The Company evaluated subsequent events from December 31, 2022 to February 21, 2023, the date on which the Board of Directors approved the separate financial statements. The Company concluded that there are no significant events to be disclosed in the separate financial statements.

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| | GRI | Nature of the ownership and its legal form | Private - Corporation |
| | GRI | Location of the headquarters | Carrera 43A # Calle 1A Sur – 143 (Medellín, Colombia) Domicile: Vía 40, Las Flores (Barranquilla, Colombia) |
| | GRI | Countries in which it operates | Introduction; Where We Operate |
| 2-2 | GRI | Consolidated and audited Financial Statements | Annexes, page 158 |
| 2-3 | GRI | Reporting Period and Financial Reports | January to December, 2022 |
| | GRI | Contact point | About This Report, page 4 |
| 2-5 | GRI | External verification | Annexes, page 192 |
| 2-6 | GRI | Sector of activity | Construction Materials |
| | GRI | Value Chain | *Gatefold* – Who Are We?<br>*Gatefold* – Sustainability in the Value Chain |
| 2-7<br>2-8 | GRI | Total number of employees (broken down) | *Gatefold* - Who Are We?<br>https://argos.co/wp-content/uploads/2023/01/Talent-and-inclusi%C3%B3n-management-metrics.pdf |
| 2-9 | GRI | Governance structure and composition | Corporate Governance, page 11 |
| 2-10 | GRI | Management scheme | Corporate Governance, page 12 |
| 2-11 | GRI | Chairman of the Board of Directors | Corporate Governance, page 12 |
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| 2-14 | GRI | Responsibility at the Executive Level of Environmental, Social and Economic Issues | Corporate Governance, page 13 |
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| 2-19 / 2-20 | GRI | Remuneration Schemes of the Board of Directors, Senior Management and the Fiscal Auditor | Corporate Governance, page 17 |
| 2-22 | GRI | Declaration on the Sustainable Development Strategy | https://argos.co/en/strategies-and-risk-management/ |
| 2-23 | GRI | Commitments and Policies | How We Create Value, page 50 |
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| 2-25 | GRI | Processes to remedy negative impacts | The Ethical Line, page 129 |
| 2-27 | GRI | Compliance with Laws and Regulations | https://argos.co/wp-content/uploads/2023/01/Business-Ethics,-Compliance,-and-integrity-metrics-.pdf |
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| 2-29 | GRI | Stakeholders | Stakeholders, page 66 |
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| **Material Topics** | | | |
| 3-1 | GRI | The process to determine material issues | Materiality analysis, page 61 |
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**Specific Content**

| CODE | STD | INDICATOR | LOCATION IN THE I. R. | VERIFIED | OMISSIONS |
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| **Profitable Growth and Fundamental Value** | | | | | |
| 3-3 | GRI | Management of material issues | The Company's Profitable Growth and Fundamental Value, page 80 | | |
| 201-1 | GRI | Direct economic value generated and distributed | Annexes, page 158 | | |
| 201-2 | GRI | Financial implications and other risks and opportunities derived from climate change | https://argos.co/wp-content/uploads/2023/01/TCFDReport-2022.pdf | | |
| A-RE 1 | Argos | Net Debt/EBITDA | The Company's Profitable Growth and Fundamental Value, page 81 | | |
| A-RE 2 | Argos | EBITDA | Annexes, page 158 | | |
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| **Mitigation and Adaptation to Climate Change** | | | | | |
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| 302-1<br>EM-CM-130a.1 | GRI<br>SASB | Energy consumption within the Organization | https://argos.co/wp-content/uploads/2023/02/energy-indicators.pdf | X | |
| 302-4 | GRI<br>SASB | Reduction of energy consumption (MJ) | https://argos.co/wp-content/uploads/2023/02/energy-indicators.pdf | X | |
| 305-1<br>EM-CM-110a.1 | GRI | Direct GHG emissions (Scope 1) | https://argos.co/wp-content/uploads/2023/01/Climate-change-metrics.pdf | X | |
| 305-2 | GRI | Indirect GHG emissions (Scope 1) (Location Method) (Market Method) | https://argos.co/wp-content/uploads/2023/01/Climate-change-metrics.pdf | X | |
| 305-3 | GRI | Other Indirect GHG emissions (Scope 3) | https://argos.co/wp-content/uploads/2023/01/Climate-change-metrics.pdf | X | |
| 305-4 | GRI | Intensity of GHG emissions | https://argos.co/wp-content/uploads/2023/01/Climate-change-metrics.pdf | X | |
| 305-5 | GRI | Reduction of GHG emissions | https://argos.co/wp-content/uploads/2023/01/Climate-change-metrics.pdf | X | |
| A-EC1 | Argos<br>GCCA | Specific net $CO_2$ emissions (kg of $CO_2$/t cementitious material) | https://argos.co/wp-content/uploads/2023/01/Climate-change-metrics.pdf | X | |
| A-EC2 | Argos | Specific indirect $CO_2$ emissions (Scope 2) (kg of $CO_2$/t cementitious material) | https://argos.co/wp-content/uploads/2023/01/Climate-change-metrics.pdf | X | |
| A-EC3 | Argos<br>SBTi | Reduction of GHG emissions (Scope 1 and Scope 2) | https://argos.co/wp-content/uploads/2023/01/Climate-change-metrics.pdf | X | |
| A-ENE1 | Argos<br>GCCA | Substitution of caloric consumption of fossil fuels for alternative fuels (%) | https://argos.co/wp-content/uploads/2023/01/Climate-change-metrics.pdf | X | |
| EM-CM-110.a.2 | SASB | Emissions covered by regulations that limit them | https://argos.co/wp-content/uploads/2023/01/Climate-change-metrics.pdf | X | |
| **Costumer Experience** | | | | | |
| 3-3 | GRI | Management of material issues | Costumer Experience, page 98 | | |
| A-IM1 | Argos<br>DJSI | Index of Costumer Satisfaction | https://argos.co/wp-content/uploads/2023/01/Customer-Expirience-metrics-.pdf | X | |
| A-EX1 | Argos | Percent of digital cement – concrete orders | https://argos.co/wp-content/uploads/2023/01/Customer-Expirience-metrics-.pdf | X | |
| A-EX2 | Argos | Percent of cement and concrete orders confirmed digitally | https://argos.co/wp-content/uploads/2023/01/Customer-Expirience-metrics-.pdf | X | |
| A-EX3 | Argos | Percentage of digital payments | https://argos.co/wp-content/uploads/2023/01/Customer-Expirience-metrics-.pdf | | |
| A-EX4 | Argos | Billed quantities of digital cement (t) and concrete (m3) orders | https://argos.co/wp-content/uploads/2023/01/Customer-Expirience-metrics-.pdf | X | |
| A-EX5 | Argos | Number of consultations made in the digital channels | https://argos.co/wp-content/uploads/2023/01/Customer-Expirience-metrics-.pdf | | |
| **Resilient Supply Chain** | | | | | |
| 3-3 | GRI | Management of material issues | Resilient Supply Chain, page 104 | | |
| 204-1 | GRI | Proportion of expenditures on local suppliers | https://argos.co/wp-content/uploads/2023/01/Supply-chain-metrics-.pdf | X | |
| 308-1<br>414-1 | GRI | Percentage of suppliers evaluated in Sustainability in the last three (3) years | https://argos.co/wp-content/uploads/2023/01/Supply-chain-metrics-.pdf | X | |
| 308-2 | GRI | Negative environmental impacts in the supply chain and actions taken | https://argos.co/wp-content/uploads/2023/01/Supply-chain-metrics-.pdf | | |
| 414-2 | GRI | Negative social impacts in the supply chain and actions taken | https://argos.co/wp-content/uploads/2023/01/Supply-chain-metrics-.pdf | | |
| **Talent Management and Inclusion** | | | | | |
| 3-3 | GRI | Management of material issues | Talent Management and Inclusion, page 109 | | |
| 2-7<br>2-8 | GRI<br>GCCA | Total Number of employees | https://argos.co/wp-content/uploads/2023/01/Talent-and-inclusi%C3%B3n-management-metrics.pdf | X | |
| 2-30 | GRI | Employees covered by Collective Agreements – Company | https://argos.co/wp-content/uploads/2023/01/Talent-and-inclusi%C3%B3n-management-metrics.pdf | | |
| 401-1 | GRI | Total number and rate of hirings and average turnover of employees, broken down by age group, sex and region | https://argos.co/wp-content/uploads/2023/01/Talent-and-inclusi%C3%B3n-management-metrics.pdf | X | |

**Specific Content**

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|---|---|---|---|---|---|
| 402-1 | GRI | Minimum notice periods for operational changes and their possible inclusion in Collective Agreements | | | In Argos, communication plays an essential role, since through it links are generated that allow the achievement of objectives and the joint work of all employees. Opportunity, clarity and assertiveness are the essential bases of the communications of the Organizational changes that take place in the year, always accompanied by change management leaders and area leaders willing to expand information and resolve doubts and concerns as closely as possible. Communications are given through official channels and include all employees; in turn, official communications for unions are developed, with meetings established with a predefined frequency to always maintain communication in both directions. |
| 404-1 | GRI | Average of training hours per year by employee, broken down by sex and work category | https://argos.co/wp-content/uploads/2023/01/Talent-and-inclusi%C3%B3n-management-metrics.pdf | X | |
| 404-2 | GRI | Programs to develop employee competencies and Transition Assistance Programs | Talent Management and Inclusion, page 114 | | |
| 404-3 | GRI | Percentage of employees whose performance and professional development are evaluated regularly, distributed by Organizational level | https://argos.co/wp-content/uploads/2023/01/Talent-and-inclusi%C3%B3n-management-metrics.pdf | X | |
| 405-1 | GRI | The Board of Directors, broken down by age and gender | https://argos.co/wp-content/uploads/2023/01/Talent-and-inclusi%C3%B3n-management-metrics.pdf | X | |
| 405-2 | GRI | Relation between women's base salary compared to men, broken down by significant locations of activity | https://argos.co/wp-content/uploads/2023/01/Talent-and-inclusi%C3%B3n-management-metrics.pdf | X | |
| A-TM1 | Argos | Mobility rate | https://argos.co/wp-content/uploads/2023/01/Talent-and-inclusi%C3%B3n-management-metrics.pdf | X | |
| A-TM2 | Argos | Rate of key talent retention | https://argos.co/wp-content/uploads/2023/01/Talent-and-inclusi%C3%B3n-management-metrics.pdf | X | |
| A-TM3 | Argos | Success rate of succession | https://argos.co/wp-content/uploads/2023/01/Talent-and-inclusi%C3%B3n-management-metrics.pdf | X | |
| A-TM4 | Argos | Percentage of leadership positions in the Organization occupied by women | https://argos.co/wp-content/uploads/2023/01/Talent-and-inclusi%C3%B3n-management-metrics.pdf | X | |
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| 3-3 | GRI | Management of material issues | Occupational Health and Safety Management System, page 116 | | |
| 403-1 | GRI | Occupational Health and Safety System | Occupational Health and Safety Management System, page 117 | | |
| 403-2 | GRI | Identification of dangers, evaluation of risks and investigation of incidents | Through our I Promise (Yo Prometo) Management System, with its programs and committees, we focus on comprehensive Risk-Management. We strengthen the Corporate Culture so that it makes it easier for us to reach and sustain the ZERO objective, so that we all know the risks and apply control measures. | | |
| 403-3 | GRI | Occupational health services | Occupational Health and Safety Management System, page 117 | | |
| 403-4 | GRI | Employee participation, consultations and communication regarding Occupational Health and Safety | Occupational Health and Safety Management System, page 117 https://argos.co/wp-content/uploads/2023/01/Safety,-health-and-well-being-metrics.pdf | X | |
| 403-5 | GRI | Employee training in Occupational Health and Safety | https://argos.co/wp-content/uploads/2023/01/Safety,-health-and-well-being-metrics.pdf | X | |
| 403-6 | GRI | Promotion of employee health | Occupational Health and Safety Management System, page 117 | | |

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| 403-9<br>GCCA-S2<br>GCCA-R<br>GCCA-S3<br>GCCA-T<br>GCCA-S | GRI<br>GCCA | Injuries due to work accidents | https://argos.co/wp-content/uploads/2023/01/<br>Safety,-health-and-well-being-metrics.pdf | X | |
| 403-10 | GRI | Work ailments and illnesses | https://argos.co/wp-content/uploads/2023/01/<br>Safety,-health-and-well-being-metrics.pdf | X | |
| A-SI1<br>EM-CM-320a.1.<br>GCCA-U<br>GCCA-KPI3<br>GCCA-KPI4<br>GCCA-KPI5<br>GCCA-V | Argos<br>SASB<br>GCCA | Frequency and Severity Index – Contractors and employees | https://argos.co/wp-content/uploads/2023/01/<br>Safety,-health-and-well-being-metrics.pdf | X | |
| A-SI2 | Argos | Frequency Index of Occupational Illnesses – Employees | https://argos.co/wp-content/uploads/2023/01/<br>Safety,-health-and-well-being-metrics.pdf | X | |
| A-SI3 | Argos | Number of serious injuries in our employees and contractors (#) | https://argos.co/wp-content/uploads/2023/01/<br>Safety,-health-and-well-being-metrics.pdf | X | |
| A-SI4 | Argos | Number of injuries per million man-hours worked (#) | https://argos.co/wp-content/uploads/2023/01/<br>Safety,-health-and-well-being-metrics.pdf | X | |
| A-SI5 | Argos | Number of successful Impact Projects | https://argos.co/wp-content/uploads/2023/01/<br>Safety,-health-and-well-being-metrics.pdf | X | |
| A-SI6 | Argos | Absenteeism of direct employees due to illness | https://argos.co/wp-content/uploads/2023/01/<br>Safety,-health-and-well-being-metrics.pdf | X | |
| A-SI7 | Argos | High-risk situations, intervened in a timely manner | https://argos.co/wp-content/uploads/2023/01/<br>Safety,-health-and-well-being-metrics.pdf | X | |
| EM-CM-320a.2 | SASB | Number of cases of Silicosis | https://argos.co/wp-content/uploads/2023/01/<br>Safety,-health-and-well-being-metrics.pdf | X | |
| **Social Value** | | | | | |
| 3-3 | GRI | Management of material issues | Social Value, page 122 | | |
| 413-1 | GRI | Percentage of operations in which Development Programs, Impact evaluations and participation of the local community have been implemented | https://argos.co/wp-content/uploads/2023/01/<br>Social-Value-metrics.pdf | | |
| 413-2 | GRI | Operation Centers with significant, potential or real negative impacts on the local communities | https://argos.co/wp-content/uploads/2023/01/<br>Social-Value-metrics.pdf | | |
| 203-1<br>A-COM1 | GRI<br>Argos | Social Investment | https://argos.co/wp-content/uploads/2023/01/<br>Social-Value-metrics.pdf | X | |
| A-COM2 | Argos | Income from commercial initiatives with social impact | https://argos.co/wp-content/uploads/2023/01/<br>Social-Value-metrics.pdf | X | |
| A-COM3 | Argos | Type of philanthropic activities | https://argos.co/wp-content/uploads/2023/01/<br>Social-Value-metrics.pdf | X | |
| A-COM7 | Argos | Corporate Volunteering | https://argos.co/wp-content/uploads/2023/01/<br>Social-Value-metrics.pdf | X | |
| A-AR1 | Argos | Materialization of risks toward the community | https://argos.co/wp-content/uploads/2023/01/<br>Social-Value-metrics.pdf | X | |
| A-AR2 | Argos | Operation with high and critical risks of affectation to communities | https://argos.co/wp-content/uploads/2023/01/<br>Social-Value-metrics.pdf | X | |
| A-CC1 | Argos | Level of relationship with communities | https://argos.co/wp-content/uploads/2023/01/<br>Social-Value-metrics.pdf | X | |
| A-CC2 | Argos | Reiterative complaints | https://argos.co/wp-content/uploads/2023/01/<br>Social-Value-metrics.pdf | X | |
| A-GO1 | Argos | Leveraged resources | https://argos.co/wp-content/uploads/2023/01/<br>Social-Value-metrics.pdf | X | |
| A-GO2 | Argos | Beneficiaries impacted | https://argos.co/wp-content/uploads/2023/01/<br>Social-Value-metrics.pdf | X | |
| **Business Ethics, Compliance and Integrity** | | | | | |
| 3-3 | GRI | Management of material issues | Ethics, Compliance and Integrity, page 127 | | |
| 205-1 | GRI | Number and percentage of Centers evaluated for risks related to corruption and significant risks detected | https://argos.co/wp-content/uploads/2023/01/<br>Business-Ethics,-Compliance,-and-integrity-metrics-.pdf | | |
| 205-2 | GRI | Communication and training in Anticorruption Policies and Procedures | Business Ethics, Compliance and Integrity, page 130<br>https://argos.co/wp-content/uploads/2023/01/<br>Business-Ethics,-Compliance,-and-integrity-metrics-.pdf | X | |
| 205-3 | GRI | Confirmed incidents of corruption and measures adopted | https://argos.co/wp-content/uploads/2023/01/<br>Business-Ethics,-Compliance,-and-integrity-metrics-.pdf | X | |
| 206-1 | GRI | Legal actions for anticompetitive behaviors and antitrust and monopolistic practices | https://argos.co/wp-content/uploads/2023/01/<br>Business-Ethics,-Compliance,-and-integrity-metrics-.pdf | X | |

### Specific Content

| CODE | STD | INDICATOR | LOCATION IN THE I. R. | VERIFIED | OMISSIONS |
|---|---|---|---|---|---|
| 307-1 | GRI | Non-compliance of environmental laws and regulations | https://argos.co/wp-content/uploads/2023/01/Business-Ethics,-Compliance,-and-integrity-metrics-.pdf | | |
| 415-1<br>A-ETH 2 | GRI<br>Argos | Contributions to political parties and/or representatives | https://argos.co/wp-content/uploads/2023/01/Business-Ethics,-Compliance,-and-integrity-metrics-.pdf | | |
| 419-1 | GRI | Non-compliance of regulations in social and economic areas | https://argos.co/wp-content/uploads/2023/01/Business-Ethics,-Compliance,-and-integrity-metrics-.pdf | | |
| A-ETH1 | Argos | Environmental and social complaints and those on Human Rights received | https://argos.co/wp-content/uploads/2023/01/Business-Ethics,-Compliance,-and-integrity-metrics-.pdf | X | |
| A-ETH3 | Argos | Number of corruption processes or investigations – violations of the US Foreign Corrupt Practices Act (FCPA) | https://argos.co/wp-content/uploads/2023/01/Business-Ethics,-Compliance,-and-integrity-metrics-.pdf | X | |
| A-TAX1 | Argos | Taxes paid by country | https://argos.co/wp-content/uploads/2023/01/Business-Ethics,-Compliance,-and-integrity-metrics-.pdf | X | |
| EM-CM-520a.1. | SASB | Total amount of monetary losses because of legal proceedings associated with cartel activities, price fixing and anti-monopolistic activities | https://argos.co/wp-content/uploads/2023/01/Business-Ethics,-Compliance,-and-integrity-metrics-.pdf | X | |
| **Portfolio of Products and Services with Sustainable Characteristics** | | | | | |
| 3-3 | GRI | Management of material issues | Portfolio of Products, Solutions and Services with Sustainable Characteristics, page 133 | | |
| A-CS1 | Argos | Income obtained from products with sustainable characteristics | https://argos.co/wp-content/uploads/2023/01/Sustainable-products-and-solutions-metrics.pdf | X | |
| EM-CM-410a.1 | SASB | Percentage of products that qualify for sustainable building design credits and construction certifications | https://argos.co/wp-content/uploads/2023/01/SASB-Metrics.pdf | X | |
| EM-CM-410a.2 | SASB | Total addressable market and market share for products that reduce energy, water, and/or material impacts during use and/or production | https://argos.co/wp-content/uploads/2023/01/SASB-Metrics.pdf | | |
| **Environmental Management** | | | | | |
| 3-3 | GRI | Management of material issues | Environmental Management, page 141 | | |
| 301-1 | GRI | Materials used by weight and volume | https://argos.co/wp-content/uploads/2023/01/Environmental-management-metrics-.pdf | X | |
| 303-3<br>EM-CM-140a.1 | GRI<br>SASB | Water catchment by source ($m^3$) | https://argos.co/wp-content/uploads/2023/01/Environmental-management-metrics-.pdf | X | |
| 303-4 | Argos | Water discharge by destination | https://argos.co/wp-content/uploads/2023/01/Environmental-management-metrics-.pdf | X | |
| 303-5<br>EM-CM-140a.1 | GRI<br>SASB | Water consumption ($m^3$) | https://argos.co/wp-content/uploads/2023/01/Environmental-management-metrics-.pdf | X | |
| 304-1 | GRI | Number of facilities with a high value for biodiversity | https://argos.co/wp-content/uploads/2023/01/Environmental-management-metrics-.pdf | X | No detailed information related to the operating sites owned, leased or managed by the Company in or adjacent to protected areas and areas of high value for biodiversity outside protected areas, due to restrictions of confidentiality. |
| 304-4 | GRI | Species on the IUCN Red List and species on national conservation lists that inhabit areas affected by operations | https://argos.co/wp-content/uploads/2023/01/Environmental-management-metrics-.pdf | X | |
| 305-7<br>EM-CM-120a.1 | GRI<br>SASB | Absolute PM, NOx, SOx emissions | https://argos.co/wp-content/uploads/2023/01/Environmental-management-metrics-.pdf | X | |
| 306-3<br>EM-CM-150a.1 | GRI<br>SASB | Waste by type and disposal method | https://argos.co/wp-content/uploads/2023/01/Environmental-management-metrics-.pdf | X | |
| A-EC2 | Argos | Alternative raw materials in cement (%) | https://argos.co/wp-content/uploads/2023/01/Environmental-management-metrics-.pdf | X | |
| A-EC3 | Argos | Supplementary cementitious material in concrete (%) | https://argos.co/wp-content/uploads/2023/01/Environmental-management-metrics-.pdf | X | |
| A-EC4 | Argos | Volume of recycled aggregates used (t/year) | https://argos.co/wp-content/uploads/2023/01/Environmental-management-metrics-.pdf | X | |
| A-A1 | Argos | Specific water consumption | https://argos.co/wp-content/uploads/2023/01/Environmental-management-metrics-.pdf | X | |
| A-A2<br>EM-CM-140a.1 | Argos<br>SASB | Water recycled and reused | https://argos.co/wp-content/uploads/2023/01/Environmental-management-metrics-.pdf | X | |
| A-BI1 | Argos | Active and inactive quarries with high value for biodiversity that have a Biodiversity Management Plan | https://argos.co/wp-content/uploads/2023/01/Environmental-management-metrics-.pdf | X | |
| A-BI2<br>EM-CM-160a.2 | Argos<br>SASB | Rehabilitated freed areas in active and inactive quarries | https://argos.co/wp-content/uploads/2023/01/Environmental-management-metrics-.pdf | X | |

**Specific Content**

| CODE | STD | INDICATOR | LOCATION IN THE I. R. | VERIFIED | OMISSIONS |
|---|---|---|---|---|---|
| A-BI4 | Argos | Active and inactive quarries that have a Closure Plan established | https://argos.co/wp-content/uploads/2023/01/Environmental-management-metrics-.pdf | X | |
| A-OE1 | Argos | Specific PM, NOx, SOx emissions | https://argos.co/wp-content/uploads/2023/01/Environmental-management-metrics-.pdf | X | |
| EM-CM-160a.1 | SASB | Description of Environmental Management Policies and practices for active sites | https://argos.co/wp-content/uploads/2023/01/SASB-Metrics.pdf | X | |
| EM-CM-160a.2 | SASB | Land surface impacted (%) | https://argos.co/wp-content/uploads/2023/01/SASB-Metrics.pdf | X | |
| EM-CM-160a.2 | SASB | Rehabilitated area impacted | https://argos.co/wp-content/uploads/2023/01/SASB-Metrics.pdf | X | |
| EM-CM-120a.1 | SASB | Absolute PM, NOx, SOx, VOC/THC, PCDD/F, Hg, HM1 (Cd + TI), HM2 (Sum of Sb, As, Pb, Cr, Co, Cu, Mn, Ni, V) | https://argos.co/wp-content/uploads/2023/01/SASB-Metrics.pdf | X | |
| **Human Rights** | | | | | |
| 3-3 | GRI | Management of material issues | Human Rights, page 150 | | |
| A-DH1 | Argos | Materialization of Human rights risks for all our Stakeholders | https://argos.co/wp-content/uploads/2023/01/Human%20Rights%20Metrics.pdf | | |
| A-DH2 | Argos | Coverage in the Due Diligence Process (%) | https://argos.co/wp-content/uploads/2023/01/Human%20Rights%20Metrics.pdf | | |
| A-DH3 | Argos | Percentage of Stakeholders with Action Plans to close gaps (%) | https://argos.co/wp-content/uploads/2023/01/Human%20Rights%20Metrics.pdf | | |

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# GLOSSARY OF TERMS

## A

### Anticompetitive Behavior
The action by the Organization or employees that may lead to collusion with possible competitors, with the purpose of limiting the effects of competition in the market.

### Area of Great Value for Biodiversity
An area not subject to legal protection, but recognized by different governmental and non-governmental organizations for its important biodiversity.

## B

### Base Line
The starting point used to make comparisons.

### Base Year
The historical data (e.g., year) against which a measurement is tracked over time.

## C

### Circularity Measures
The measures taken to conserve the value of products, materials and resources and put them to new use for as long as possible and with the lowest carbon and resource footprint, so that fewer raw materials and resources are extracted and avoid the generation of waste.

### Client Privacy
The right to privacy and personal protection of the client.

### Collective Bargaining
All negotiations that take place between one or more employers or employer organizations on the one hand and one or more worker organizations.

### Complaints and Claims Mechanism
The systematized process by which claims can be made and remediation requested.

### Contribution to Political Parties and/or Representatives
The financial or in-kind support provided directly or indirectly to political parties, their elected representatives, or individuals seeking political office.

### Confirmed Corruption Case
A corruption case that has been shown to be substantiated. Note: Confirmed corruption cases do not cover corruption cases under investigation during the reporting period.

### Conflict of Interest
A situation in which a person is forced to choose between the requirements of his organization and other personal interests or responsibilities.

### Corruption
The abuse of entrusted power for personal gain, which may be instigated by individuals or organizations.

## D

### Discrimination
The action and result of treating people unequally by imposing unequal burdens or denying benefits.

### Due Diligence
The process of identifying, preventing, mitigating and explaining how an organization addresses its potential and actual negative impacts.

## E

### Effluent
The treated or untreated residual water that is discharged.

### Employee
A person who has an employment relationship with the Organization, in accordance with national law or practice.

### Energy Reduction
An amount of energy that is no longer used or needed to carry out the same processes or tasks.

### Environmental Legislation and Regulations
Legislation and regulations related to all types of environmental issues applicable to the Organization.

## F

### Freedom of Association
The right of employers and employees to join, create and direct their own organizations without prior authorization or interference from the State or any other entity.

## G

### Greenhouse Gas (GHG)
Gases that contribute to the greenhouse effect.

### Greenhouse Gas (GHG) Trading
The purchase, sale or assignment of emission rights or offsets for greenhouse gas (GHG) emissions.

### Groundwater
The water that is stored in an underground formation from which it can be extracted.

## H

### Hazardous Waste
The waste that has any of the characteristics included in Annex III of the Basel Convention or that is considered hazardous according to national legislation.

### Highest Governing Body
The Governing Body with the highest authority of an organization.

### Human Rights
The rights inherent to all human beings and encompassing, as a minimum, all the rights set out in the United Nations

International Bill of Human Rights and the principles relating to fundamental rights included in the Declaration on Fundamental Principles and Rights at Work of International Labour Organization (ILO).

## I

**Impact**
The effect that the Organization has or could have on the economy, the environment or people, including effects on Human Rights and which, in turn, may be indicative of its contribution (negative or positive) to sustainable development.

**Incineration**
The controlled burning of waste at high temperatures.

## L

**Local Community**
The people or groups of people who live or work in areas that are affected or could be affected by the Organization's activities.

**Local Minimum Wage**
The minimum compensation for employment per hour or other unit of time permitted by law.

**Local Supplier**
An organization or person that provides a product or service to the reporting organization and is based in the same geographic market as the reporting organization (i.e., no international payments are made to a local supplier).

## M

**Marine Waters**
The water of a sea or ocean.

**Material Issues**
The topics that represent the most-significant impacts of the Organization on the economy, the environment and people, including impacts on Human Rights.

**Mitigation**
The measures taken to reduce the severity of a negative impact.

**Monopolistic Practices and Those Against Free Competition**
An action of the Organization that may give rise to collusion, in order to erect barriers to entry into the sector, or any other collusion action that prevents competition.

## N

**Non-Renewable Energy Source**
An energy source that cannot be replenished, reproduced, developed, or generated in a short period of time through ecological cycles.

**Non-Renewable Material**
A resource that is not renewed in short periods of time.

## O

**Operation with Significant Actual or Potential Negative Impacts on Local Communities**
An operation, considered on its own or in conjunction with the characteristics of local communities, that has an above-average potential to cause negative impacts, or that has actual negative impacts on the social, economic or environmental well-being of local communities.

## P

**Product or Service Category**
A group of related products or services, which share certain characteristics and satisfy the specific needs of a given market.

**Protected Area**
An area protected from any damage derived from operational activities and where the environment remains in its original state, with a healthy, functional ecosystem.

## R

**Recovery**
Any operation in which products, product components, or materials that have become waste are prepared to perform a function rather than using new products, components, or materials that would otherwise be used for that function.

**Recycling**
The reprocessing of products or product components that have become waste to create new materials.

**Remuneration**
The base salary plus any additional amounts paid to an employee.

**Renewable Energy Source**
An energy source that is capable of being replenished in a short time through ecological cycles or agricultural processes.

**Renewable Material**
The material from abundant resources that are rapidly replenished through ecological cycles or agricultural processes, so that the services provided by these and other linked resources are not endangered and remain available for future generations.

**Responsible Water Management**
The use of water that is socially equitable, environmentally sustainable and economically beneficial. This is achieved through the process of inclusion of Stakeholders, which implies the adoption of measures related to the facilities and the receiving basin.

**Restored Area**
An area that was affected by operational activities and where remedial measures have restored the environment to its original state or to a state in which it presents a healthy, functional ecosystem.

## S

**Significant Impact on Biodiversity**
The impact that may negatively affect the integrity of a region or geographic area, either directly or indirectly, by substantially changing its ecological characteristics, structures, and functions throughout its extent and in the long term, such that the habitat, population levels and certain species that make the habitat important are no longer able to sustain themselves.

**Staff Turnover**
The employees who leave the organization voluntarily or due to dismissal, retirement or death.

**Stakeholders**
The individuals or groups with interests that are affected or could be affected by the Organization's activities.

**Supplier**
An entity upstream of the Organization (i.e., in the Organization's Supply Chain) that provides a product or service used for the development of the Organization's own products or services.

**Supplier Evaluation and Selection**
A formal or documented process by which a set of performance criteria are applied to determine whether to establish a relationship with a supplier.

**Supply Chain**
Various activities carried out by entities upstream of the Organization that provide products or services used for the development of the Organization's own products or services.

**Surface Water**
Water naturally present on the earth's surface in the form of ice sheets, ice caps, glaciers, icebergs, marshes, ponds, lakes, rivers, and streams.

## T

**Third-Party Water**
Municipal water providers and municipal wastewater treatment plants, public or private utilities, and other organizations involved in the supply, transportation, treatment, disposal, or use of water and effluents.

## V

**Value Chain**
Various activities performed by the Organization, and by entities upstream and downstream of it, to bring the Organization's products and services from conception to end use.

**Violation of Client Privacy**
The non-compliance with current legal provisions and (voluntary) standards relating to the protection of client privacy.

## W

**Waste**
Anything that a person eliminate, wants to eliminate, or is required to eliminate.

**Water Consumption**
The sum of all the water that has been extracted and incorporated into the production process.

**Water Extraction**
The sum of all water withdrawn from surface water, groundwater, marine water or from third parties for any use throughout the reporting period.

**Water Spillage**
The sum of effluents, used water and unused water released into surface water, groundwater, marine water or third-party water, and that the Organization will no longer use throughout the reporting period.

**Water Storage**
The water retained in water-storage facilities or in reservoirs.

**Water Stress**
The capacity, or lack of capacity, to meet human and ecological demand for water.

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**LIMITED ASSURANCE REPORT FROM THE INDEPENDENT AUDITOR**
**500 - 0002 - 23**

To the:
SHAREHOLDERS AND OTHER INTERESTED PARTIES OF
**CEMENTOS ARGOS S. A. (hereinafter, THE COMPANY)**
Medellín, Antioquia

## Introduction

We were engaged by Cementos Argos S. A. (hereinafter, **THE COMPANY**) to present our Limited Assurance Report on the information contained in the Company's Integrated Report, referring to the Fiscal Year beginning on January 1st and ending on December 31st, 2022.

## Company Management Responsibilities

The Company's Management is responsible for the preparation and adequate presentation of the information contained in the Integrated Report 2022, in accordance with the guidelines of the Global Reporting Initiative (GRI) Standards, and in the environmental indicators defined by Global Cement and Concrete Association (GCCA), the indicators of the Sustainability Accounting Standards Board (SASB), the variables that are part of the calculation of the Value-Added model (VAS) and indicators defined as its own, as well as by the internal controls that it determined necessary to allow the elaboration of this information free of material inaccuracies, regardless of whether they are caused by fraud or error.

## Independence and Quality Management

We have complied with the ethical and independence requirements of the Code of Professional Ethics for Public Accountants, issued by the International Ethics Standard Board for Accountants (IESBA), which is based on principles of integrity, objectivity, professional competence and due care, confidentiality and professional conduct.

BDO Audit S.A.S BIC applies ISQM 1 (International Standard on Quality Management 1) and, therefore, maintains an integrated system to guarantee the quality of audit and assurance engagements, which includes documented policies and procedures related to compliance with ethical requirements, professional standards, and applicable legal requirements.

## Responsibility of the Independent Auditors

Our responsibility is to express a conclusion on the information contained in the Integrated Report 2022 of **Cementos Argos S. A.,** based on the Limited Assurance work conducted in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised): Assurance Engagements other than the Audit or Review of Historical Financial Information (ISAE

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3000), issued by the *International Auditing and Assurance Standards Board* (IAASB), applicable to non-historical information.

A Limited Assurance Engagement conducted in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised): Assurance Engagements Other than Audits or Reviews of Historical Financial Information (ISAE 3000) consists primarily of making inquiries of management and other Company professionals who are involved in preparing the information contained in the **Cementos Argos S. A.** Integrated Report 2022, identify the areas in which it is probable that the information on the matter under analysis contains material inaccuracies, as well as apply analytical procedures and detailed procedures to obtain evidence that enables us to conclude on the form of limited assurance on information taken together. Limited Assurance engagement also requires the execution of additional procedures, when the Independent Auditor becomes aware of matters that lead to the belief that the information contained in the Integrated Report, taken as a whole, may present material errors.

The procedures selected were based on our understanding of the matters related to the compilation and presentation of the information contained in the indicators defined in Annexes 1, 2, 3 and 4, which are presented in the **Cementos Argos S. A.** Integrated Report 2022 and from other engagement circumstances and from our consideration of areas where material errors may exist. The procedures included:

**a)** The understanding of the calculation methodology and the procedures for the compilation of the indicators through interviews with professionals responsible for the elaboration of the information.
**b)** Consider the evaluation of risks of material error on the indicators selected in the Integrated Report 2022, with the purpose of obtaining limited assurance.
**c)** The planning of the engagements, considering the relevance, the volume of quantitative and qualitative information and the operational systems that served as the basis for the preparation of the information that appears in the Cementos Argos S. A. Integrated Report 2022, referring to period from January 1st to December 31st, 2022;
**d)** Tests on the integrity and reasonableness of the information, based on the random selection of a sample of the information used for the elaboration of each indicator;
**e)** Tests on the adequate preparation of the indicators, considering the GRI Standards, the GCCA indicators, the SASB indicators and the variables that are part of the calculation of the Value-Added (VAS) Methodology and indicators defined as its own.
**f)** The application of detailed procedures to corroborate the accuracy of the information used for the construction of the indicators (see Annexes 1, 2, 3 and 4);
**g)** The application of analytical procedures on quantitative information and inquiries on qualitative information and its correlation with indicators disclosed in the information contained in the **Cementos Argos S. A.** Integrated Report 2022.

Annexes 1, 2, 3 and 4 detail the Sustainability Performance Standards and Indicators included in the scope of our work.

Limited Assurance engagements also included adherence to the guidelines and criteria of the Sustainability Reporting framework in the guidelines of the GRI Standards, following the option to report with reference to GRI Standards for the period January 1st to December 31st 2022, as stated in the **Cementos Argos S. A.** Integrated Report 2022.

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We believe that the evidence obtained in our work is sufficient and appropriate to support our conclusion on the limited form.

**Scope and Limitations**

This Report has been prepared solely in the interest of the Organization, in accordance with the terms of our service proposal.

The procedures applied in the Limited Assurance Engagement are substantially less extensive than those applied in the audit engagement that are intended to issue an opinion on the information contained in the **Cementos Argos S. A.** Integrated Report 2022. Therefore, the procedures applied in a Limited Assurance Engagement differ in their nature and timing and are less extensive than in a reasonable assurance engagement.

Non-financial data is subject to more-inherent limitations than financial data, given the nature and diversity of the methods used to determine, calculate or estimate that data. Qualitative interpretations of data materiality, relevance, and accuracy are subject to individual assumptions and judgment. Additionally, we do not carry out any work on data reported for previous periods, or in relation to the Company's future projections and goals.

**Conclusion**

Based on the procedures we have performed, described in this Report and the evidence obtained, nothing come to our attention that leads us to believe that the information contained within the scope of the review and included in the Integrated Report 2022, referring to the fiscal year of **Cementos Argos S. A.**, which began on January 1st and ended on December 31st, 2022, have not complied, in all material aspects, with all the requirements defined in the Global Reporting Initiative (GRI) Standards, and in the Environmental Indicators defined by the Global Cement and Concrete Association (GCCA), the Indicators of the Sustainability Accounting Standards Board (SASB), the variables that are part of the calculation of the Value-Added model (VAS) and indicators defined as its own for the preparation of reports with reference and according to the records and files that served as the basis for its preparation.

Nothing come to our knowledge that the GCCA Guidelines for the reporting of $CO_2$ emissions, in matters of climate change, other emissions (NOx, SOx, dust), circular economy, sustainable construction, ecosystems are not applied appropriately. It has not come to our knowledge that the internal reporting system (its own Indicators) and the procedures for the consolidation of information for $CO_2$ emissions, climate change, other atmospheric emissions (NOx, SOx, dust), circular economy, sustainable construction, ecosystems and occupational health and safety are not working and do not provide appropriate information to be disclosed.

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**Action Plans**

BDO Audit S.A.S. BIC has delivered to Cementos Argos S. A., through a separate report, action recommendations for the future preparation of the Integrated Report, which do not modify the conclusion expressed in this Report. These recommendations seek to strengthen the process of construction, management, measurement, review and communication of the Company's Sustainability Indicators.

**LUIS FERNANDO GÓMEZ GONZÁLEZ**
Auditing and assurance Partner
Public Accountant TP 144,355

Member of
BDO Audit S.A.S. BIC

Medellín, February 23th, 2023

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## ANNEX 1

Below, we detail the GRI Standards in their different versions, as well as the indicators defined by the Administration as its own.

These criteria are an integral part of our Independent Limited Assurance Report on the Cementos Argos S.A. Integrated Report for the period from January 1 to December 31, 2022.

| GRI Standard | Description |
|---|---|
| 201-2 (2016) | Financial implications and other risks and opportunities due to climate change. * |
| 203-1 (2016) | Infrastructure investments and services supported. (Social Investment) |
| 204-1 (2016) | Proportion of spending on local suppliers. |
| 205-2 (2016) | Communication and training about anti-corruption policies and procedures. |
| 205-3 (2016) | Confirmed incidents of corruption and actions taken. |
| 206-1 (2016) | Legal actions for anti-competitive behavior, anti-trust, and monopoly practices |
| 301-1 (2016) | Materials used by weight or volume. |
| 302-1 (2016) | Energy consumption within the Organization<br>Renewable-energy consumption. *<br>Non-renewable-energy consumption. * |
| 302-4 (2016) | Reduction of energy consumption. |
| 303-3 (2018) | Water withdrawal. * |
| 303-4 (2018) | Water discharge. * |
| 303-5 (2018) | Water consumption. * |
| 304-1 (2016) | Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas. * |
| 304-4 (2016) | IUCN Red List species and national conservation list species with habitats in areas affected by operations. |
| 305-1 (2016) | Direct (Scope 1) GHG emissions. * |
| 305-2 (2016) | Energy indirect (Scope 2) GHG emissions.<br>By the Location Method. *<br>By the Market Method. * |
| 305-3 (2016) | Other indirect (Scope 3) GHG emissions. * |
| 305-4 (2016) | GHG emissions intensity. |
| 305-5 (2016) | Reduction of GHG emissions. |
| 305-7 (2016) | Nitrogen Oxide (NOx), Sulfur Oxide (SOx) and other significant air emissions (particulate matter, PM). * |
| 306-3 (2020) | Waste generated. * |
| 306-4 (2020) | Waste diverted from disposal. * |
| 306-5 (2020) | Waste directed to disposal. * |
| 308-1 (2020) | New suppliers that were screened using environmental criteria. |
| 401-1 (2016) | New employee hires and employee turnover. |
| 403-4 (2018) | Worker participation, consultation, and communication on occupational health and safety. |
| 403-5 (2018) | Worker training on occupational health and safety. |
| 403-9 (2018) | Work-related injuries. |
| 403-10 (2018) | Work-related ill health. |
| 404-1 (2016) | Average hours of training per year per employee. |
| 404-3 (2016) | Percentage of employees receiving regular performance and career development reviews. |
| 405-1 (2016) | Diversity of governance bodies and employees. |
| 405-2 (2016) | Ratio of basic salary and remuneration of women to men. |

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| | |
|---|---|
| 414-1 (2016) | New suppliers that were screened using social criteria. |

| Its Own Standards | Description |
|---|---|
| A-EC2 | Specific Indirect CO2 emissions (Scope 2). * |
| A-EC3 | Reduction of Scope 1 and Scope 2 GHG emissions. ** |
| A-EC1 | Net specific $CO_2$ emissions (kg $CO_2$/t cementitious material). * |
| A-ENE1 | Substitution of caloric consumption of fossil fuels for alternative fuels. * |
| E-EC2 | Percentage of alternative raw materials in cement. * |
| E-EC3 | Percentage of supplementary cementitious material in concrete. * |
| A-EC4 | Volume of recycled aggregates used. |
| A-CS1 | Income obtained from products with sustainable characteristics. |
| A-A1 | Specific water consumption. |
| A-A2 | Recycles and reused water. |
| A-BI1 | Number and percentage of active and inactive quarries with high biodiversity value that have a Biodiversity Management Plan. |
| A-BI2 | Number and percentage of rehabilitated liberated areas in active and inactive quarries. |
| A-BI4 | Percentage of active and inactive quarries that have an established Closure Plan. |
| A-OE1 | Specific MP, NOx and Sox emissions. |
| A-IM1 | Client Satisfaction Index. * |
| A-EX1 | Percentage of Digital Orders: Cement - Concrete. |
| A-EX2 | Percentage of cement and concrete deliveries confirmed digitally. |
| A-EX4 | Number of invoices of cement and concrete digital orders. |
| A-ETH1 | Environmental, social and Human-Rights complaints received. |
| A-ETH3 | Number of processes or investigations for corruption - US Foreign Corrupt Practices Act (FCPA) violations |
| A-TAX1 | Taxes paid by country. |
| A-TM1 | Mobility Rate. |

| GRI Standards | Description |
|---|---|
| A-TM2 | Key talent retention rate. |
| A-TM3 | Succession success rate. |
| A-TM4 | Women in leadership positions. |
| A-SI1 | Frequency and Severity Index - Contractors and Employees. |
| A-SI2 | Frequency and Severity Index of Occupational Illnesses - Employees. |
| A-SI3 | Number of serious injuries in Employees and Contractors. |
| A-SI4 | Number of injuries per million man-hours worked. |
| A-SI5 | Number of successful Impact Projects. |
| A-SI6 | Direct-Employee absenteeism due to general illness. |
| A-SI7 | High-risk situations intervened in a timely manner. |
| A-COM 1 | Social Investment. |
| A-COM 2 | Business initiatives with social impact. |
| A-COM 3 | Type of philanthropic activities. |
| A-COM 7 | Corporate Volunteering. |
| A-AR1 | Materialization of risks to the community. |
| A-AR2 | Operations with high and critical risks of affectation to communities. |
| A-CC1 | Level of relationship with communities. |
| A-CC2 | Reiterative complaints. |
| A-GO1 | Leveraged resources. |
| A-GO2 | Beneficiaries impacted. |

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## ANNEX 2

Sustainability Accounting Standards Board (SASB) Indicators for the Construction-Materials Industry:

| SASB Indicators | Description |
|---|---|
| EM-CM-000-a | Production by main product line. |
| EM-CM-110a.1; EM-CM-110.a.2 | Greenhouse Gas (GHG) emissions. * |
| EM-CM-120a.1 | Air quality. |
| EM-CM-130a.1 | Energy management. |
| EM-CM-140a.1 | Water management. * |
| EM-CM-150a.1 | Waste management. * |
| EM-CM-160a.2; EM-CM-160a.1 | Effects on Biodiversity. |
| EM-CM-320a.1; EM-CM-320a.2 | Workforce Health and Safety. |
| EM-CM-520a.1; EM-CM-410a.1 | Price transparency and integrity. |

## ANNEX 3

Global Cement and Concrete Association (GCCA) Indicators:

As part of the indicator revision process, we conducted interviews in 16 Cementos Argos operations. The selection took into account quantitative and qualitative variables, such as production and the periodicity in which they are audited; this permits having a 45% coverage (against the total percentage of $CO_2$ emissions) of the Plants selected, which are representative for all the cement operation:

| Indicators |
|---|
| **ECOSYSTEMS** |
| Water capture according to the source. |
| Total water discharge by destination. |
| Total water consumption. |
| Specific water consumption. |
| Recycled and reused water. |
| Number and percentage of active and inactive quarries with high biodiversity value that have a Biodiversity Management Plan. |
| Number and percentage of liberated areas rehabilitated in active and inactive quarries. |
| Percentage of active and inactive quarries that have an established Closure Plan. |
| Species on the IUCN Red List and species on the national Conservation Lists that inhabit in areas affected by operations. |
| **CLIMATE CHANGE** |
| Total $CO_2$ emissions - gross. |
| Total $CO_2$ emissions - net. |
| Specific $CO_2$ emissions—gross |
| Specific **CO2** emissions—net |
| **ALTERNATIVE FUELS AND MATERIALS** |
| Specific caloric consumption of Clinker production. |
| Alternative fuel rate. |
| Biomass rate as fuel. |
| Clinker/cement factor. |
| Percentage of Alternative Raw Materials in (Cement). |
| **ATMOSPHERIC EMISSIONS** |
| Total coverage (percentage of clinker produced in kilns covered with monitoring systems, continuous or discontinuous, for Particulate Matter, NOx, SOx, Volatile Organic Compounds/Total Hydrocarbons (VOC/THC), heavy metals). |
| Coverage with continuous monitoring of emissions (percentage of Clinker produced in kilns |

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covered with continuous monitoring systems for Particulate Matter, NOx, SO2).
Absolute Particulate-Matter Emissions only from clinker kilns.
**Specific emissions of Particulate Matter.**
Particulate Matter monitoring coverage rate.
**Absolute NOx emissions only from clinker kilns.**
Specific NOx emissions.
NOx monitoring coverage rate.
**Absolute SOx emissions only from clinker kilns.**
Specific SOx emissions
SOx monitoring coverage rate.
Absolute VOC/THC emissions.
Specific VOC/THC emissions
VOC/THC monitoring coverage rate.
Absolute Polychlorinated dibenzo-p-dioxins and furans (PCDD/F) emissions.
Specific PCDD/F Emissions
PCDD/F monitoring coverage rate.
Absolute Hg emissions. *
Specific Hg emissions.
Hg monitoring coverage rate.
Absolute HM1 emissions (Cadmium + Thallium; Cd + Tl).
Specific HM1 emissions (Cd + Tl).
HM1 monitoring coverage rate (Cd + Tl).
Absolute HM2 emissions (sum of Antimony (Sb), Arsenic (As), Lead (Pb), Chromium (Cr), Cobalt (Co), Copper (Cu), Manganese (Mn), Nickel (Ni), Vanadium (V)).
Specific HM2 emissions (Sum of Sb, As, Pb, Cr, Co, Cu, Mn, Ni, V).
HM2 monitoring coverage rate (Sum of Sb, As, Pb, Cr, Co, Cu, Mn, Ni, V).
**OCCUPATIONAL HEALTH AND SAFETY**
Occupational accident injuries.
Frequency and Severity Index - employees.
Frequency and Severity Index - contractors.
Number of injuries due to lost time: short absence and long absence.
Direct-employee fatalities.
Contractor fatalities.
Third-party employee fatalities.

## ANNEX 4

Value-Added to Society (VAS) Indicators:

| Indicators |
|---|
| Direct GHG emissions (Scope 1). |
| Indirect GHG emissions when generating energy (Scope 2). |
| Average salary men and women. |
| Average retirement age in the region (men) and (women). |
| Average departure age (men) and (women). |
| Electricity provided to communities. |
| Water consumption in extreme areas of water scarcity. |
| Water consumption in areas of water scarcity. |
| Water consumption in areas of water stress. |
| Water consumption in areas with sufficient water reserves. |
| Water consumption in areas with abundant areas of water. |
| Net impacts on biodiversity by ecosystem type (affected areas, restored areas, offset areas). |
| Significant Particulate Matter (PM), NOx and SOx emissions into the air. |
| Total amounts of materials and alternative fuels used and the amount of avoided conventional materials and fuels. |

*** Dow Jones Sustainability Index (DJSI) Indicators**
**** Science-Based Targets Initiative (SBTi)**

**CERTIFICATION OF THE COMPANY'S LEGAL REPRESENTATIVE**

In my capacity as Legal Representative, I certify that the Integrated Report contains the information required by External Circular 012 of 2022, from the Financial Superintendency of Colombia, in that referring to the periodic End-of-Year Report and includes all material aspects of the Business as of December, 2022.

This was done in compliance with the process of identification and evaluation of the controls and procedures used by Cementos Argos S. A. for the registration, processing and analysis of the information required for the purpose of reporting the **End-of-Year Report** through the National Registry of Securities and Issuers.

**FELIPE ARISTIZÁBAL RESTREPO**
Legal Representative

“Pablo Cardona, Daniel Cornel, Sara Colorado, Celeste Valle and Matías Castrillón, in the From the Metaverse to Reality (*Del Metaverso a la Realidad*) Tournament, an initiative that has the purpose of connecting the new generations with social transformation.

Thousands of children and adolescents from Colombia had the opportunity to design a space in Minecraft that will be built in reality by Argos and other allies, so that the more than 26,000 inhabitants of *Nueva Colonia*, in the Urabá region of Antioquia can enjoy, learn and have fun.”