

# **GRUPO ARGOS S.A.**

PERIODIC  
REPORT FOR  
THE FIRST  
QUARTER OF  
2023

# 1. Basic Issuer Identification

Grupo Argos S.A.

Medellín - Carrera 43B No. 1A - Sur 128, Edificio Santillana, Torre Sur, Piso 2

If you wish to learn more about Grupo Argos, please access the company's Integrated Report at:

<https://files.grupoargos.com/uploads-grupo-argos/grupo-argos-sostenibilidad-reporteintegrado2022.pdf>

## Description of issues related to securities current on March 31, 2023

### Bonds:

Security type	Negotiation scheme	Stock exchanges where securities are listed	Amount issued in Colombian pesos	Amount placed in Colombian Pesos	Balance pending placement
Bond Placement date: 28/08/2019	Stock Exchange	Bolsa de Valores de Colombia	\$157,965,000,000	\$157,965,000,000	-
Bond Placement date: 28/08/2019	Stock Exchange	Bolsa de Valores de Colombia	\$168,535,000,000	\$168,535,000,000	-
Bond Placement date: 28/10/2020	Stock Exchange	Bolsa de Valores de Colombia	\$136,500,000,000	\$136,500,000,000	-
Bond Placement date: 10/09/2014	Stock Exchange	Bolsa de Valores de Colombia	\$137,318,000,000	\$137,318,000,000	-
Bond Placement date 10/09/2014	Stock Exchange	Bolsa de Valores de Colombia	\$390,104,000,000	\$390,104,000,000	-

### Shares:

Security type	Negotiation scheme	Stock exchanges where securities are listed	Number of subscribed shares	Amount placed in Colombian Pesos
Ordinary shares	Stock Exchange	Bolsa de Valores de Colombia	663,331,535	-
Shares with preferential dividend and no voting rights	Stock Exchange	Bolsa de Valores de Colombia	211,827,180	-

\*As of March 31, 2023, outstanding common shares were 657,104,864, given that 6,226,671 were held as bought back common shares. Additionally, outstanding shares with preferential dividends and no voting rights were 211,719,647, considered 107,533 preferential shares bought back.

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▶ Caracolí Celisa Substation  
Atlántico, Colombia



## 3. Glossary

- » **Directors:** Members of the Board of Directors and legal representatives of Grupo Argos S.A.
- » **Senior Management:** Grupo Argos's CEO and C-Suite.
- » **Cost of Capital:** The cost incurred by a company to fund its investment projects using its own financial resources.
- » **Zero Coupon Curve:** A curve that relates spot interest rates with their maturity; it indicates the returns the market would demand during each term for a risk-free asset.
- » **Derivative:** A financial product the value of which depends on the evolution of the price of another asset, which is called the underlying asset. Underlying assets may include stock indexes, stocks, fixed income securities, currencies, commodities, interest rates, among others.
- » **Ebitda:** A financial indicator (an acronym for Earnings Before Interest Taxes Depreciation and Amortization) that shows a company's profit before subtracting expenses related to interest, taxes, depreciation and amortization.
- » **Subsidiaries:** Companies whose decision-making power is directly subject to the will of Grupo Argos S.A. as parent company. Specifically, this term refers to Cementos Argos S.A. ("Cementos Argos"), Celsia S.A. ("Celsia"), Odinsa S.A. ("Odinsa") and Sator S.A.S. ("Sator").
- » **The Group or Grupo Empresarial Argos:** Refers to the business group formed by Grupo Argos S.A. in its capacity as parent company and its subordinates, as registered with the Chamber of Commerce of Medellín for Antioquia.
- » **Holding:** A Holding is an economic organization that controls a series of companies that ensure control of the different factors of a marketplace.
- » **ORI:** Includes all income statement items (income and expenses) not recognized by the income statement as permitted by IFRS.
- » **Risk:** For a company, a risk is the possibility that a future uncertain event beyond the control of the parties and that generates damage may take place.
- » **Residual risk:** Residual risk is the risk that remains after all efforts have been made to identify and eliminate the risk (i.e., its mitigation controls).
- » **Fair value:** According to IFRS, fair value is the price that would be received for selling an asset or paid for transferring a liability in an orderly transaction between arms length participants at the measurement date.

## 4. Content of the periodic quarterly report

This report was prepared in compliance with the regulatory provisions contained in Decree 151 from February 10, 2021 issued by the Ministry of Finance and Public Credit and in External Circular Letter 012 from May 27, 2022 issued by the Colombian Financial Superintendent, in application of which the organization adheres to the criteria of materiality for revealing the periodic information under this report.

### 4.1. First part - Financial position

#### 4.1.1. Financial Statements - First Quarter 2023

**See Annex 1** - Separated Financial Statements as of March 31, 2023, certified by the Statutory Auditor

**See Annex 2** - Consolidated Financial Statements as of March 31, 2023 certified by the Statutory Auditor.

#### 4.1.2. Material changes in the financial statements between March 31, 2023 and the date of approval of the financial statements

From the closing date of the financial statements for the first quarter and until the date of their approval, the relevant change explained below took place: the subsidiary Celsia S.A. reported the sale of some assets in Central America on May 5, 2023. The company announced an agreement with EnfraGen to sell, through its companies in

Central America, some of its generation assets in Panama and Costa Rica. Celsia will receive around COP 900 billion from the transaction.

For more information about Celsia S.A., consult its Quarterly Periodic Report on its website: <https://www.celsia.com/es/inversionistas/celsia/informacion-relevante/>





▶ Pacifico 2 Operations Control Center  
Antioquia

## 4.1.3. Analysis of the operating results and financial position during the first quarter of 2023

### 4.1.3.1. Main changes in financial position

The following are the most important changes regarding the consolidated financial position:

- » Current assets were COP 13.3 trillion and non-current assets COP 43.8 trillion, for total assets of COP 57.1 trillion, growing 0.3% compared to the end of 2022.
- » Trade and other accounts receivable showed a net increase of COP 207.32 billion, mainly due to the booking of dividends decreed by associated companies, joint ventures and other investments.
- » At the end of March 2023, other financial assets presented a total change of COP 536.83 billion in other financial assets, mainly due to the maturity of short-term deposit certificates – TDC and the opening of new long-term securities of this type, given current market rates. The valuation of the investment in Grupo Nutresa increased by COP 248.84 billion, due to changes in the market price of the share.
- » Investments in associates and joint ventures had a net increase of COP 104.80 billion, mainly through the equity method at the end of the first quarter and the recognition of dividends decreed by the businesses.
- » Current liabilities were COP 10.7 trillion and non-current liabilities COP 15 trillion resulting in total liabilities of COP 25.7 trillion, a 3% increase over the previous year.
- » Trade and other accounts payable had a net increase of COP 546.17 billion, mainly associated with the booking of dividends decreed at the Shareholders' Meetings of Grupo Argos and its subsidiaries in March 2023.
- » In the first quarter of 2023, Celsia Colombia S.A. E.S.P., a subsidiary of Celsia S.A., issued and placed the first tranche of ordinary bonds on the Second Market for COP 242.50 billion, under the bond issue and placement program approved by the Colombian Financial Superintendent in December 2022.

- » Financial obligations had a net increase of COP 125.22 billion, including a new loan taken out by Grupo Argos with Sumitomo Mitsui Bank, and payment of a loan held by Celsia Colombia with Banco Davivienda using resources obtained from the issue of ordinary bonds in January 2023.
- » Equity was COP 31.4 trillion, decreasing 2% compared to December 2022.
  - › The main changes in consolidated equity were as follows:
    - COP 5.62 billion buyback of ordinary and preferential shares.
    - COP 499.57 billion in dividends decreed.

As regards the financial information presented at the end of the first quarter of 2022, over the twelve-month period ending in March 2023, current assets increased COP 5.6 trillion and non-current assets decreased COP 0.5 trillion, for a net increase of COP 5.1 trillion in total assets. Total liabilities increased COP 1.7 trillion, COP 2.7 trillion of which correspond to an increase in current liabilities and COP 1 trillion to a reduction in non-current liabilities. During this same period, equity increased COP 3.3 trillion.

The following are the most important changes in separated financial position:

- » Current assets were COP 1 trillion and non-current assets COP 20.5 trillion, resulting in total assets of COP 21.5 trillion, 2% growth compared to the end of 2022.
- » Current liabilities were COP 0.8 trillion and non-current liabilities COP 2.2 trillion resulting in total liabilities of COP 3 trillion, a 29% increase compared to the previous year, mainly explained by the loan granted by Sumitomo Mitsui Bank.
- » Equity was COP 18.5 trillion, decreasing 1% compared to December 2022.



Forward Vision Operations Core  
Valle del Cauca

### 4.1.3.2. Main changes in operating results

The following are the main changes in consolidated operating results for the first quarter of 2023:

#### Consolidated revenue

- » Revenue was COP 5.7 trillion for the period, an increase of 24.5% compared to 1Q2022.
- » Increased consolidated revenue has mainly been driven by historic revenue levels registered throughout the year by the cement and energy businesses, as well as positive contributions from the concessions business, the real estate business, and investments in associated companies.

<i>Millions of COP</i>	<b>1Q2023</b>	<b>1Q2022</b>	<b>Var YOY</b>
<b>Revenue</b>	<b>5,744,903</b>	<b>4,613,707</b>	<b>24.5%</b>
Revenue from sales of goods and services	5,288,148	4,313,197	22.6%
Revenue from financial activity	66,722	48,859	36.6%
Revenue from real estate business	223,016	180,506	23.6%
Equity method, net	251,006	136,898	83.4%
Sales returns and discounts	(83,989)	(65,753)	(27.7%)

#### Consolidated Costs and Expenses

- » Increased costs of sale of goods and services for the period (+16% YOY) are due to increasing variable costs from higher revenues reported especially by the cement and energy businesses.

<i>Millions of COP</i>	<b>1Q2023</b>	<b>1Q2022</b>	<b>Var YOY</b>
<b>Cost of ordinary activities</b>	<b>3,959,964</b>	<b>3,417,804</b>	<b>15.9%</b>
Cost of goods and services sold	3,625,244	3,013,948	20.3%
Depreciation and amortization	312,775	373,933	(16.4%)
Cost of sales - Real estate	21,945	29,923	(26.7%)
<b>Operating expenses</b>	<b>542,473</b>	<b>495,906</b>	<b>9.4%</b>
Administrative expenses	417,178	380,742	9.6%
D&A - administrative	29,379	36,250	(19.0%)
Selling expenses	82,296	67,866	21.3%
D&A - Sales	13,620	11,048	23.3%





▶ El Dorado Airport  
Bogota

## Other Consolidated Revenue, Expenditures

Millions of COP	1Q2023	1Q2022	Var YOY
<b>Other revenue and expenditures</b>	<b>(40,400)</b>	<b>94,581</b>	<b>(142.7%)</b>
Other revenue	38,062	130,921	(70.9%)
Other expenditures	(78,462)	(36,340)	(115.9%)

## Consolidated EBITDA

» Higher sales levels resulted in increased EBITDA, which closed at COP 1.56 trillion for the quarter.

## Non-operating revenue and expenditures

» Financial expenses at the end of the quarter increased 59% compared to the same period the previous year due to higher indexation rates.

Millions of COP	1Q2023	1Q2022	Var YOY
<b>Non-Operating Revenue and Expenditures</b>	<b>(468,201)</b>	<b>(296,131)</b>	<b>(58.1%)</b>
Financial, net	(439,101)	(276,686)	(58.7%)
Exchange difference, net	(29,100)	(19,445)	(49.7%)

## Net Income Consolidated

» Net income for the quarter increased 81% compared to the previous year, ending march at COP 570 billion. Cumulative net income to the controlling interest ended the year at COP 406 billion, growing 152% compared to March 2022.

## Summary Consolidated Grupo Argos financial results

Millions of COP	1Q2023	1Q2022	Var YOY
Operating revenue:	5,744,903	4,613,707	24.5%
Ebitda	1,557,840	1,215,809	28.1%
<i>Ebitda Margin</i>	27.1%	26.4%	
Net Income	570,150	314,927	81.0%
Controlling interest	405,958	161,408	151.5%

The following is a net contribution of the different businesses to Grupo Argos's cumulative consolidated financial results. Keep in mind that contributions do not necessarily coincide with the figures reported by each company due to standardization adjustments required by the accounting standards.

## Net contribution by segment to the consolidated results

Q1 2023 - Millions of COP	Cement	Energy	Real Estate	Portfolio	Concessions	Others	Total
Revenue	3,376,609	1,495,355	110,733	277,796	475,631	8,779	<b>5,744,903</b>
Gross Income	653,641	506,070	88,982	269,757	252,988	13,501	<b>1,784,939</b>
Operational income	331,354	410,553	61,352	240,724	144,948	13,135	<b>1,202,066</b>
Ebitda	598,826	496,137	61,553	241,447	145,831	14,046	<b>1,557,840</b>
Net Income	63,133	116,806	63,847	229,644	90,834	5,886	<b>570,150</b>
Controlling interest	26,160	34,643	63,847	213,560	61,766	5,982	<b>405,958</b>
Q1 2022 - Millions of COP	Cement	Energy	Real Estate	Portfolio	Concessions	Others	Total
Revenue	2,575,543	1,303,240	69,297	158,985	462,087	44,555	<b>4,613,707</b>
Gross Income	364,564	423,697	46,767	154,007	183,646	23,222	<b>1,195,903</b>
Operational income	215,733	332,955	19,279	112,901	92,504	21,206	<b>794,578</b>
Ebitda	447,718	437,883	19,448	117,435	170,818	22,507	<b>1,215,809</b>
Net Income	18,603	161,460	20,998	87,588	20,548	5,730	<b>314,927</b>
Controlling interest	2,755	49,905	20,998	79,167	2,514	6,069	<b>161,408</b>

The following are the main changes in separated operating results for the first quarter of 2023:

## Separated Revenue

» Revenue in 1Q2023 grew 51% compared to the same period the previous year due to increased contributions from the real estate business as well as revenue from dividends and equity method.

Millions of COP	1Q2023	1Q2022	Var YOY
<b>Revenue from ordinary activities</b>	<b>429,027</b>	<b>284,711</b>	<b>50.7%</b>
Revenue from financial activity	223,757	142,382	57.2%
Revenue from real estate business	115,264	75,266	53.1%
Profit net via equity method	90,006	67,063	34.2%

\*Revenue recognized by Grupo Argos in the P&L for the real estate business mainly includes: Sale of urbanized lots, distribution of returns and valuation of the unit of FCP Pactia, and lot valuation.

## Separated Costs & Expenses

- » The cost of ordinary activities in 1Q2022 closed at COP 21.75 billion, a decrease of 3.5% compared to the same period the previous year, explained by higher sales by the real estate business associated with increased revenue in this segment.
- » Operating expenses for the quarter closed at COP 49.43 billion, a decrease of 24% resulting from stabilizations in the company's cost structure.

Millions of COP	1Q2023	1Q2022	Var YOY
<b>Cost of ordinary activities</b>	<b>21,750</b>	<b>22,530</b>	<b>(3.5%)</b>
Cost of sales - Real estate	21,750	22,530	(3.5%)
<b>Operating expenses</b>	<b>49,432</b>	<b>65,029</b>	<b>(24.0%)</b>
Administrative expenses	48,106	60,366	(20.3%)
D&A - administrative	606	4,412	(86.3%)
Selling expenses	720	251	186.9%

## Other Operating Revenue, Expenses

Millions of COP	1Q2023	1Q2022	Var YOY
<b>Other revenue and expenditures</b>	<b>(4,386)</b>	<b>(2,798)</b>	<b>(56.8%)</b>
Other revenue	514	128	301.6%
Other expenditures	(4,900)	(2,926)	(67.5%)

## Other Non-Operating Revenue, Expenses

Millions of COP	1Q2023	1Q2022	Var YOY
<b>Non-operating revenue and expenditures</b>	<b>397</b>	<b>(22,451)</b>	<b>101.8%</b>
Financial, net	657	(22,074)	103.0%
Exchange difference, net	(260)	(377)	31.0%

## Net Income

- » Net income for the period was COP 346.000 billion. Highlights include positive results from the real estate business and increased dividends received from portfolio investments.

## Summary separated Grupo Argos financial results

Millions of COP	1Q2023	1Q2022	Var YOY
Revenue from ordinary activities	429,027	284,711	50.7%
Ebitda	354,065	198,766	78.1%
<i>Ebitda Margin</i>	82.5%	69.8%	
Net Income (loss)	346,282	171,126	102.4%

## 4.1.4. Quantitative and qualitative market risk analysis

The following is an analysis of the market risk the issuer is exposed to as a result of its investments and activities that are sensitive to changes in market:

### Indebtedness:

During the quarter, the amount of debt in IBR increased due to the disbursement of a COP 232.45 million loan with Sumitomo Mitsui Banking Corporation.

### Coverage:

At the end of the quarter, Grupo Argos had COP 185 billion in CPI swaps at an average rate of 7.35% E.A., which it books at a fixed rate.

Additionally, during the quarter, COP 445 billion in temporary investments were constituted with a positive effect on the cost of debt, at proportional terms and indexations. These investments work as a natural hedge against increased CPI and IBR.

### Sensitivity:

A 1% increase in CPI causes a quarterly increase of COP 2.25 billion in gross financial expenditure, however, with hedging, net financial expenditure would only increase by COP 1,4 billion.

On the other hand, a 1% increase in IBR causes a quarterly increase of COP 1.6 billion in gross financial expenditure and COP 1.25 billion in net financial expenditure.

Finally, we highlight there have been no material changes this quarter in variables that generate additional risks related to market risk.

## 4.2. Second part - Additional Information

### 4.2.1. Relevant changes in risks to which issuer is exposed during the first quarter of 2023

No relevant changes were identified in risks to which Grupo Argos is exposed, in both its separated and consolidated position, during the first quarter of 2023.

To understand more details of the changes in the risk position of the businesses, refer to their quarterly reports at the following links:

Cementos Argos S.A. <https://ir.argos.co/servicios-al-inversio-nista/informacion-relevante/>

Celsia S.A.

<https://www.celsia.com/es/inversionistas/celsia/informacion-relevante/>

Odinsa S.A. <https://www.odinsa.com/informacion-relevante/>

▶ Roberta Plant Cementos Argos  
United States



## 4.2.2. Changes in corporate governance

The following are the company's relevant changes regarding information reported in the corporate governance analysis chapter of the periodic year-end report as of December 31, 2022:

» At the ordinary session of the Shareholders' Meeting held on March 30, 2023, Esteban Piedrahita Uribe and Claudia Betancourt Azcárate were elected as corporate members of the

Board of Directors and Rosario Córdoba Garcés, Ana Cristina Arango Uribe, Armando Montenegro Trujillo, Jorge Alberto Uribe López and Mauricio Ortega Jaramillo were elected as independent members of the Board of Directors for the statutory period between April 2023 and March 2024.

» At the Board of Directors meeting held on April 26, 2022, Dr. Rosario Córdoba Garcés was re-elected as Chair of the Board of Directors and the Board Committees were set up as follows:

### Audit, Finance and Risk Committee

#### Member of the Board of Directors

Armando Montenegro Trujillo  
Rosario Córdoba Garcés  
Ana Cristina Arango Uribe

#### Quality

Independent Member  
Independent Member  
Independent Member

### Remuneration Committee

#### Member of the Board of Directors

Jorge Alberto Uribe López  
Rosario Córdoba Garcés  
Ana Cristina Arango

#### Quality

Independent Member  
Independent Member  
Independent Member

### Talent Committee

#### Member of the Board of Directors

Jorge Alberto Uribe López  
Mauricio Ortega Jaramillo  
Esteban Piedrahita Uribe

#### Quality

Independent Member  
Independent Member  
Corporate Member

### Sustainability and Corporate Governance Committee

#### Member of the Board of Directors

Rosario Córdoba Garcés  
Claudia Betancourt Azcárate  
Mauricio Ortega Jaramillo

#### Quality

Independent Member  
Corporate Member  
Independent Member

» At the ordinary session of the Shareholders' Meeting on March 30, 2023, approved the reelection of KPMG S.A.S. as Statutory Auditor for the statutory period between April 2023 and March 2024. The Shareholders' Meeting also approved fees for COP 214,224,000 plus VAT, payable in four quarterly installments.

» **Pacífico 2 Bridges over the Cauca River**  
Antioquia



