

PERIODIC END OF EXERCISE REPORT  
2022

**1. Issuer basic identification**

Grupo Argos S.A.

Medellin – Carrera 43B No. 1ª-Sur 128, Edificio Snatillana, Torre Sur, Piso 2

To learn more about Grupo Argos access the Company’s Integrated Report at this link:

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

**2. Description of security issues current on December 31, 2022**

**Bonds:**

Type of security	Negotiation System	Stock markets securities are listed on	Amount of the issue in Colombian pesos	Amount placed in Colombian pesos	Balance pending placement
Bonds Placement date: 28/08/2019	Stock Market	Colombian Stock Market	\$157,965,000,000	\$157,965,000,000	-
Bonds Placement date: 28/08/2019	Stock Market	Colombian Stock Market	\$168,535,000,00	\$168,535,000,000	-
Bonds Placement date: 28/10/2020	Stock Market	Colombian Stock Market	\$136,500,000,000	\$136,500,000,000	-
Bonds Placement date: 10/09/2014	Stock Market	Colombian Stock Market	\$137,318,000,000	\$137,318,000,000	-
Bonds Placement date: 10/09/2014	Stock Market	Colombian Stock Market	\$390,104,000,000	\$390,104,000,000	-

**Shares:**

Type of security	Negotiation System	Stock markets securities are listed on	Number of subscribed shares	Amount placed in Colombian pesos
Ordinary shares	Stock Market	Colombian Stock Market	663,331,535	-
Preferential shares without voting right	Stock Market	Colombian Stock Market	211,827,180	-

### 3. Table of contents

	Thematic index	Page
1.	Issuer basic identification	2
2.	Description of security issues current on December 31, 2022	2
3.	Table of contents	3
4.	Glossary	5
5.1.	Part One – General aspects of the operation	6
5.1.1.	Description of the business purpose	6
(i)	Business plan evolution	6
(ii)	Activities, products and services that generate revenue	12
(iii)	Competitive commercial conditions	16
(iv)	New product and service development	16
(v)	List of commercial brands, copyrights and patents	18
(vi)	Frequency of revenue	18
(vii)	Number of employees	19
5.1.2.	Legal and administrative litigation and proceedings	19
5.1.3.	Relevant risks and mechanisms implemented for mitigation	22
5.2.	Parto Two – Stock market and financial performance	28
5.2.1.	Performance of the issuer’s securities in negotiation systems	28
5.2.2.	Information on the issuer’s stock shareholding	28
5.2.3.	Financial information of the 2022 tax year	29
5.2.4.	Analysis of operating results and issuer financial situation	30
5.2.4.1.	Main variations in operating results	30
5.2.4.4.	Information on off-balance-sheet operations	37
5.2.4.5.	Quantitative and qualitative analysis of market risk	37
5.2.4.6.	Operations performed with parties related to the issuer	42
5.2.4.7.	Registration, processing and analysis of the information required to submit the end-of-exercise report to the RNVE	42
5.3.	Part Three – Issuer sustainable practices and responsible investments	42
5.3.1.	Corporate Governance Analysis	42
	Annexes	
Annex 1	List of commercial brands, copyrights and patents	53
Annex 2	Separated Financial Results as of December 31, 2022, ruled on by the Statutory Auditor and certified by the Legal Representative	101
Annex 3	Consolidated Financial Results as of December 31, 2022, ruled on by the Statutory Auditor and certified by the Legal Representative	232
Annex 4	Certification by the Legal Representative	455
Annex 5	Report by the Legal Representative on the internal control systems and control procedures review and revelation of financial information, taken from the Legal Affairs and Corporate Governance Annex of the 2022 CEO and Board of Directors’ Management Report	457

[p. 4]

[Image]

**Celsia Solar Dulima**

Tolima

[p- 5]

### 4. Glossary

- Directors: Members of the Board of Directors and legal representatives for Grupo Argos S.A.
- Upper Management: Grupo Argos' CEO and C-Suite
- ESG: The acronym for environmental, social, and governance. Refers to relevant sustainability criteria.
- Cybersecurity: The practice of protecting systems, networks, and programs against digital attacks. These cyberattacks generally intend to access, modify, or destroy confidential information, extort users, or interrupt business continuity.
- Conflicts of Interest: Situations in which a person's judgment, as regards one of their primary interests, and the integrity of their actions, tend to be unduly influenced by a secondary interest, which is frequently of a financial or personal nature.
- Cost of Capital: The cost incurred by a business to fund its investment projects using its own financial resources.
- Financial Derivative: A financial product whose value depends on changes in price of another asset, known as the underlying asset. These underlying assets could be a stock market index, shares, fixed return securities, currency, commodities, interest rates, among others.
- Affiliates: Companies whose decision-making power is directly subject to the will of Grupo Argos S.A. ("Grupo Argos") as parent company. This term specifically refers to Cementos Argos S.A. ("Cementos Argos"), Celsia S.A. ("Celsia"), Odinsa S.A. ("Odinsa") and Sator S.A.S. ("Sator").
- Asset Manager: The investment fund manager who is entrusted with managing the fund's investment portfolio.

The objective is to perform all the activities required to properly and adequately implement the fund's investment policy, acquire, manage, and appraise the portfolio's investments in private equity funds, manage risks, and comply with all applicable policies and regulations.

- Group or Group Empresarial Argos: Refers to the corporate group made up of Grupo Argos S.A., as parent, and its subordinate, as registered with the Chamber of Commerce of Medellin for Antioquia.
- Carbon Footprint: Represents the total volume of greenhouse gases produced by human economic and everyday activities.

- Holding: A Holding is an economic organization that controls a series of companies that ensure its control over different market factors.
- Residual Risk: The risk that remains after all efforts have been made to identify and eliminate the risk, i.e., its mitigation controls.
- Internal Control System: This is the set of verification and evaluation policies, principles, norms, procedures and mechanisms defined by upper management and other officials in an organization to provide a reasonable degree of security in the attainment of the following objectives: (i) improve the efficiency and efficacy of the entity's operations, (ii) prevent and mitigate the occurrence of fraud arising both internally and externally to the organizations, (iii) properly manage risks, and (iv) increase the reliability and timeliness of the information generated by the organization.
- Reasonable Value: According to the IFRS, the reasonable value is the price that would be received for the sale of an asset or paid for transferring a liability in an organized transaction between arms-length participants on the measurement date.

[p. 6]

[Image]

**Cementos Argos Roberta Plant**

United States

## **5. Content of the periodic end of exercise report by issuer category – Group A**

This report was drafted subject to regulatory conditions in Decree 151 from February 10, 2021, issued by the Ministry of the Treasury and Public Credit and by External Circular Letter 012 from May 27, 2022, issued by the Colombian Financial Superintendent, in application of which, the criteria of materiality in the revelation of the periodic information under this report is adhered to.

The figures submitted in this report are stated in Colombian pesos, except where indicated otherwise.

### **5.1. Part One – General aspects of the operation**

#### **5.1.1. Description of the business purpose**

- (i) Business plan evolution

**Grupo Argos S.A. (“Grupo Argos”)**

2022 was a year with a challenging economic outlook. However, all the businesses proved the structural soundness and the power of the strategy developed and implemented over the last decade to materialize Grupo Argos' purpose of creating value for all its stakeholders.

In 2022, the organization had unprecedented financial results in its almost 90-year history. Consolidated revenue was COP 21.3 trillion and EBITDA was COP 5.2 trillion. Net profit closed the year at COP 1.4 trillion, while net profit to the controlling company was COP 881 billion. All of this went hand-in-hand with close to COP 1 trillion in deleveraging in our net debt, which represents an important relief for our financial expenses.

[p. 7]

[Image]

### **Grupo Argos Offices**

Bogotá

The organization's evolution in recent years is a motive for pride and proof of Grupo Argos' capacity for transformation. The company evolved from a local cement company to a Multi-Latina that operates in the sectors of construction, energy, concessions, and real estate returns sectors in 20 countries and territories throughout the Americas. It offers products and services that have a positive impact on the lives of millions of people every day: from El Dorado airport and Túnel de Oriente, to energy services for over 1.2 million clients. We produce the cement and concrete that drive the country's infrastructure growth and develop urban projects that transform cities and lives.

As part of this process, around half of our revenues now come from geographies outside Colombia and from businesses that complement the cement business. This expansion provides the organization with flexibility to mitigate the effects of the country's exchange rate volatility. Over 50% of the cement business's EBITDA comes from the United States, which makes investing in Grupo Argos a way to have exposure to the most important economy in the world.

In 2021, to deal with the complexities of the Colombian stock market, the company publicly announced a strategic plan that had the main objective of transferring more value to its shareholders.

In 2022, it promoted a 30% increase in Grupo Argos's dividend, 40% in Cementos Argos's and 50% in Celsias's dividend. The Shareholder Meeting held in March 2023 tabled an increase of 15% in the dividend for Grupo Argos, which was approved. The Shareholder Meeting also authorized a share buyback program for up to COP 500 billion, over up to three years. The Celsia Shareholder Meeting also authorized a share buyback program for up to COP 300 billion, and the Grupo Argos Board of Directors is evaluating submitting a buyback program worth COP 250 billion to its shareholders, reaffirming our confidence in the fundamentals of all our business.

In 2022, Grupo Argos continued to become consolidated as a reference in the infrastructure asset management sector. Its partnership with Macquarie Asset Management as a partner of Odinsa in its roadway and airport platforms both proves the trust of top tier investors in the

organization and shows that the company is already managing to execute on its vision for the future: Grupo Argos is now an asset manager, a reality which will continue to grow over time. The project to list Argos USA on the New York Stock Exchange is moving forwards, and will be concluded when market conditions are appropriate.

The company continues to think about and move towards its future, while being excited for its present. The results of each of its businesses, presented below, are proof of this.

[p. 8]

### **Cement – Cementos Argos**

In 2022, Cementos Argos behaved positively, growing its revenue significantly and achieving one of the best operational EBITDAs in its history, surpassing COP 2.1 trillion and ending the year with a net debt/EBITDA indebtedness ratio of 2.8x. Revenue for the three regions grew by double digits. In Colombia they grew 12%, 23% in the United States and 17% in the Caribbean. In turn, cement volumes ended the year at 16.2 million tons and concrete at 7.5 million cubic meters.

Last year, the company had record exports of 1.2 million tons, a 28% increase compared to 2021. This was possible thanks to the expansion of the Cartagena port, optimizations to the industrial process which grew production capacity by 10%, and restarting of oven 3 at the Cartagena Plant and oven 2 at the Toluviejo Plant. Concrete volumes in Colombia grew 14%, driven by close to 30% year-over-year growth in construction licenses.

In the United States, the Roberta, Harleyville, and Newberry plants made the transition to Portland Limestone Cement IL (PLC) which increases their production capacity while reducing their carbon footprint. All the plants in this region except for Martinsburg are currently operating at full capacity. Construction spend in this country grew around 12% in 2022, and we expect this dynamic to continue in 2023, driven mainly by the infrastructure and commercial segments after the “Infrastructure and Employment Bill” passed by Congress comes into effect.

Argos USA also signed an agreement with Smyrna Ready Mix Concrete, LLC., to sell it 23 concrete plants (18 in North Carolina and five in Florida) with the right to supply cement over five years. The total value of this sale was close to USD 93 million. This initiative is part of the company’s efforts to disinvest in assets that are not integrated into its logistics network and use those resources to reduce its level of leverage.

Along these same lines, the company moved forward with the actions required to list the United States business on the New York Stock Exchange. As part of this process, Argos North America signed a loan agreement for USD 750 million for a term of five years to refinance its debt and improve its financial costs and maturity profile, without increasing the organization’s leverage. To date, the company is ready to find the market window that will allow it to execute this initiative once it sees reasonable multiples and values for investors.

For more information on Cementos Argos S.A., you can find its Periodic End of Exercise Report for 2022 on its website: <https://ir.argos.co/servicios-al-inversionista/información-relevante/>

[Image]

**Cementos Argos Newberry Plant**

United States

[p. 9]

Energy – Celsia

The energy business had historic results. Consolidated revenue was COP 5.6 trillion, with EBITDA at close to COP 1.8 trillion, growing 30% compared to the previous year. Net consolidated income ended the year at COP 442 billion, excellent results despite the impact generated by increased financial spend due to higher interest rates.

In 2022 Celsia continued acquiring assets to generate clean, reliable energy for Colombia and the region. One of the highlights was the El Tesorito Thermal Energy Plant in Sahagún, Córdoba, which began commercial operations in September and made available 200 MW of installed capacity to the National Interconnected System. This plant required an investment of USD 210 million, which included the installation of 11 cutting-edge, low-emissions and high efficiency gas engines.

In turn, through C2 Energy, the investment platform for solar farm development, at the end of the year the company had 140.5 MWp in operation in solar farms, was building another 159.2 MWp, and intends to have a total of 313 MWp in operation by the end of 2023. With its solar energy generation capacities, Celsia continues consolidating itself as a key actor for the country's energy transition.

Quality of service for the transmission and distribution business was maintained in all markets, even considering the challenges of the rainy season in Colombia and its effects upon infrastructure. In this segment, Caoba, the transmission investment platform, continued expanding its asset base. Operating revenue was over COP 224 billion, growing 24%, and Ebitda grew by 25% to over COP 194 billion.

A highlight of the commercialization is that, due to the impact of global inflation on local energy rates in 2022, conversations were held with the National Government to change indexes and effectively reduce rates. Celsia voluntarily adhered to this change, which had a reasonable economic impact given the circumstances that gave rise to this situation and provided positive results for our clients.

In 2023, Celsia will continue to focus on growth and on expanding its leadership in unconventional renewable energy in Colombia. This company is prepared to play a leading role in the energy transition demanded by the country and the world, maintaining high sustainability and quality standards and providing economic and social benefits for its shareholders.

For more information on Celsia S.A., please see its 2022 Periodic End of Exercise Report at its website: <https://www.celsia.com/es/inversionistas/celsia/informacion-relevante/>

[Image]

**Prudencia Solar Park**

Panama

## **Concessions – Odinsa**

In 2022, the roadway and airport concessions business proved its resilience by ending the year with results that show it has completely recovered from the effects of the Covid-19 pandemic.

Traffic along Odinsa’s roadways continued to improve and ended the year at over 39 million vehicles, 15% growth compared to the previous year. This growth in traffic translates into higher internal rates of return for each concession. A highlight is the performance of Túnel de Oriente, where average daily traffic grew 30% compared to the previous year, reaching levels estimated for 2032.

In turn, airport traffic ended the year at 40.7 million passengers mobilized. Both Opain and Quiport reported over 65% growth in traffic compared to the previous year. This results in higher profitability, a highlight of which is substantial growth in the expected internal rate of return for El Dorado, which grew from 13% to 17% per year in 2022.

*[p. 10]*

Besides considerable growth in its operating results, 2022 was the year where Odinsa achieved important milestones in the realization of its long-term vision. The most important, without a doubt, was the announcement of the creation of a COP 1.4 trillion airport platform together with Macquarie Asset Management, the world’s largest infrastructure fund manager, with which the company had already concluded an agreement to create Odinsa Vías, the roadway concession platform that now manages Túnel Aburrá Oriente, Pacífico 2, Malla Vial del Meta, and Autopistas del Café.

Macquarie and Odinsa will each hold a 50% share in the new airport platform. At the end of this transaction, this alliance will be 65% Opain and 46.5% Quiport. Given its extensive capacity, experience, and knowledge of the assets, Odinsa will continue as the manager of the private equity fund, and will receive compensation for this role.

In the airport section, at the end of the year the company received pre-feasibility approval from the National Infrastructure Agency (ANI, in Spanish) for the El Dorado Max Private Initiative, a project worth over COP 7 trillion that proposes expanding and improving existing infrastructure at the El Dorado airport in Bogotá, as well as new construction to increase its capacity to 60 million passengers a year.

Thanks to the company’s operations, Odinsa paid off almost all its debt in advance during the year, which provides it with great flexibility as regards other business opportunities.

For more information about Odinsa S.A., please see its 2022 Period End of Exercise Report on its website: <https://www.odinsa.com/informacion-relevante/>

*[Image]*

**El Dorado Airport**

Bogota

*[p. 11]*



## **Real Estate Business**

2022 was an extraordinary year for Grupo Argos's Real Estate Business. It had COP 224 billion in revenue, translated into close to COP 100 billion in net cash flow. Over the next five years, this business has signed sales agreements that will represent COP 350 billion in cash revenues for Grupo Argos.

The company closed a very successful call for the third stage of Ciudad Mallorquín and three blocks of Portal Empresarial del Norte. Business clients sold over 4,600 VIS and close to 2,000 non-VIS units in Barranquilla and Puerto Colombia, equivalent to a 39% and 56% share respectively in the region's market. This confirms that these projects have the best turnover and sales indexes in the metropolitan area of Barranquilla.

The company also made progress with positioning Baru as a great tourist destination in the Caribbean. With the opening of Hotel Sofitel Barú Calablanca – where Grupo Argos contributed land, managed its structure, and maintains a 20% share – this territory found a place on the luxury tourism map of Colombia and the region, with the hotel positioned as one of the most representative assets of this category.

## **Coal – Sator**

Sator is a Grupo Argos company that extracts and sells thermal coal and operates an open pit mining operation in the municipality of Puerto Libertador Córdoba. It generates 56 direct and over 450 indirect jobs, making it an important actor in the south of the department of Córdoba, in a region that was affected by the conflict (Zomac).

The company defined its business plan based on the added value its environmental social and sustainability responsibility and reliability can offer its customers, as a reference within the industry of excellence in mining activities, improving its technical and commercial sales support. Its short- and medium-term business plan is based on taking advantage of the international demand for coal that reached record prices during 2022, given climate variations, natural gas shortages due to the European conflict, and low levels of coal mining after the pandemic that led to a global deficit. These conditions are expected to last for several years.

*[Image]*

**Hotel Sofitel Barú Calablanca**

Bolivar

*[p. 12]*

(ii) **Activities, products or services that generate revenue**

## **Grupo Argos**

We are an infrastructure holding company that is a reference in the Americas and a leader in the cement business. We have a unique investment infrastructure in roadway and airport concessions. We also have a differentiating and innovative portfolio in conventional and renewable energy.

We have developed infrastructure platforms in three strategic businesses: cement, energy, and roadway and airport concessions. We have become leaders in these businesses in the territories where we have a presence. We are the most liquid vehicle for investments in infrastructure-related sectors in Colombia and the region, with a solid and articulated portfolio of close to COP 57 trillion in consolidated assets.

Over the last 10 years, Grupo Argos has been strengthened as an infrastructure investment manager with a presence in 20 countries and territories throughout the Americas. The Company has an articulated portfolio that focuses on cement, energy, concessions, and real estate investments where it performs an active role as asset investor, with the capacity to strategically drive and guide companies that focus on selective and profitable growth and value maximization.

Our strategy provides us with a balance between different geographies and currencies, allowing us to take advantage of the economic cycles experienced by the countries where we have a presence.

**Key information by business:**

Consolidated Revenue	55% Cement 26% Energy 9% Concessions 10% Others	Separated Revenue	38.4% Real Estate Business (Pactia and Urban Development) 18.8% Energy 18.3% Financial Activity 12.3% Concessions 9.2% Cement 3.1% Others
----------------------	--	-------------------	--

	(Logo: Argos)	(Logo: Celsia)	(Logo: Odinsa)
<b>Share</b>	58.8%*	52.9%	99.9%
<b>Revenue</b> Trillions of COP	<b>11.7</b>	<b>5.6</b>	<b>1.9</b>
<b>Ebitda</b> Trillions of COP	<b>2.1</b>	<b>1.8</b>	<b>0.7</b>
<b>Net income to the controlling interest</b> Billions of COP	<b>142</b>	<b>276</b>	<b>263</b>
<b>Employees per company</b>	<b>6,937</b> (-1.60%)	<b>2,254</b> (+2.45%)	<b>1,834</b> (+7,69%)

Variation compared to 2021			
----------------------------	--	--	--

[p. 13]

**Presence:**

Estados Unidos	U.S.A.
Haití	Haiti
Puerto Rico	Puerto Rico
Santo Tomás	St. Thomas
República Dominicana	Dominican Republic
San Martín	St. Maarten
Antigua	Antigua
Dominica	Dominica
Santa Lucía	St. Lucia
Suriname	Suriname
Guayana Francesa	French Guiana
Curazao	Curaçao
Aruba	Aruba
Guatemala	Guatemala
Honduras	Honduras
Costa Rica	Costa Rica
Panamá	Panama
Colombia	Colombia
Venezuela	Venezuela
Ecuador	Ecuador

**Countries per business**

- Cementos Argos
- Celsia
- Odinsa

**Cementos Argos**

Cementos Argos is a leading concrete and cement production company in the markets where it has a presence. It is now one of the main producers of concrete in the United States and the top cement and concrete producer in Colombia.

It is a growing multinational that consolidates its presence in 16 countries and territories with emerging and developed economies. It has a history of over eighty years and is now the number one cement and concrete producers and one of the most relevant companies in the sector in the United States, the Caribbean, and Central America.

It has close to 7,000 employees in its three regions, 11 cement plants, 197 concrete plants, 31 ports and terminals, over 1,500 train wagons, and 4 ships of its own.

For more information on Cementos Argos S.A., please see its 2022 Periodic End of Exercise Report on its website: <https://ir.argos.co/servicios-al-inversionista/informacion-relevante/>

[p. 14]

In recent years, Celsia has been transformed into a reference of innovation and sustainability for the electrical industry. It has a presence in four businesses in this sector, namely generation, transmission, distribution, and commercialization.

- Solar farms
- Hydroelectric plants
- Backup thermal plants
- Transmission substations
- Distribution substations
- Wind farms

#### **Generation:**

Our main source of energy generation is hydroelectric, which represents over 80% of the company's electrical grid. This is complemented with other clean sources, like solar and wind, and is backed up by thermal generation.

#### **Transmission and distribution:**

The Transmission and Distribution business in Valle del Cauca and Tolima (Colombia) takes energy to homes and business over the Regional and National Transmission Systems.

#### **Commercialization:**

In Colombia, Celsia takes energy to over 1,200,000 clients in Valle del Cauca & Tolima. It also sells energy in the long-term via purchase and sale agreements, and in the short-term via the energy market.

#### **Commercial portfolio:**

Celsia provides innovative technological and energy solutions to homes, companies, and real estate developments.

For more information about Celsia S.A. check its 2022 Periodic End-of-Exercise Report on its website: <https://www.celsia.com/es/inversionistas/celsia/informacion-relevante/>

[Image]

**Guanacaste Wind Park**  
Costa Rica

[p. 15]

## **Odinsa**

Odinsa is a regional platform through which we develop our roadway and airport concessions. It has a balanced portfolio spread throughout different geographies and at different levels of development, and is a Colombian company dedicated to structuring, promoting, developing, and managing roadway and airport infrastructure.

Odinsa has a presence in Colombia, Ecuador, and Aruba with five roadway and two airport projects. It is also developing Private Initiatives (PI) with which we intend to bring progress to the territories and provide solutions that anticipate their needs.

For more information about Odinsa S.A., please see its 2022 Periodic End of Exercise Report on its website: <https://www.odinsa.com/informacion-relevante/>

### Business model

- **We structure projects**
- **We build them**
- **We operate them**
- **We maintain and expand them**
- **We return roadway and airport infrastructure to the state**

IP Nuevo Aeropuerto de Cartagena	PI New Cartagena Airport
Pacífico 2	Pacifico 2
Green Corridor	Green Corridor
Túnel Aburrá Oriente	Túnel Aburrá Oriente
Autopistas del Café	Autopistas del Café
Aeropuerto Internacional El Dorado	El Dorado International Airport
IP Perimetral de la Sabana	PI La Sabana Ring Road
IP El Dorado Max	PI El Dorado Maz
IP Campo de Vuelo	PI Campo de Vuelo
IP Conexión Centro	PI Conexion Centro
Malla Vial del Meta	Malla Vial del Meta
Aeropuerto Internacional Mariscal Sucre	Mariscal Sucre International Airport

- Bolivar, Colombia
- Antioquia, Colombia
- Bogota, Colombia
- Meta, Colombia
- Quito, Ecuador
- Aruba

## **Sator**

The operation generates revenue from the sale of crushed coal from its yard or transporting the material to the yard of domestic customers or to the nearest port and exporting it. Revenue comes from cyclical coal sales to industries that use it for industrial processes or thermal generation. Revenue is generated monthly and, depending on demand or export consolidation, can invoice higher figures certain months. Purchasers consume coal for their production or electrical energy requirements.

### **(iii) Competitive commercial conditions**

As an infrastructure asset manager, we measure our competitive position based on the assets we operate. At the end of 2022, Grupo Argos reported close to COP 57 trillion in consolidated assets.

As regards our businesses, at the close of 2022, Cementos Argos had a Colombian market share of over 35% in cement and 40% in concrete. In turn, Celsia was the fourth energy generation company in Colombia with an installed capacity of 930 MW and firm energy of 1,605 GWh-Year. For Odinsa, we highlight that, as a result of the operation of two of South America's most important airports, we mobilize 40.8 million passengers and ended the year with average daily traffic of 107 thousand vehicles on our roadway concessions.

Finally, as regards Sator, we highlight that coal consumption in Colombia for industry and electrical generation is estimated at six million tons per year. Thus, Sator's domestic market share sits at around 8%. Global coal consumption is estimated at eight billion tons, placing its international market share at less than 0.03%.

*[Image]*

**Grupo Empresarial Argos Employees**  
Colombia

### **(iv) Development of new products and services**

Our energy and cement businesses consolidate robust innovation teams and strategies that aim to leverage new sources of revenue and the efficiency of our businesses.

In the cement business, we endorsed our commitment to improving the sales experience with customer-focused initiatives and the digital transformation of our value chain, to be positioned as key partners that enable development in sustainable, smart, and connected cities. With our product and service portfolio, our catalog of green solutions, new business models, and initiatives for the future, we strengthen our value proposal according to each market's competitive dynamics and conditions.

We highlight the increased functionalities of our Argos ONE platform in Colombia, U.S.A., Panama, and Honduras which accounted for, among others, 68% of cement and 36% of concrete orders, over one and a half million consultations and delivery tracking, and collection of over 45% of customer payments using digital solutions.

In 2022, Cementos Argos and Saint-Gobain, one of the 100 most innovative companies globally, created a joint venture to expand the offer of mortar-based solutions in Colombia.

This shared portfolio will include specialized products like masonry mortar, repairs and weatherproofing, glues, and nozzles. This partnership will initially do business in Colombia and, in the future, could expand to other geographies to contribute to the industrialization and sustainability of the region's construction sector.

Soluciones Modulares Argos (*Argos Modular Solutions*) was incorporated in February 2022, which focuses on producing and selling prefabricated concrete elements as a disruptive innovation and technology proposal for off-site project development. This construction system focuses on the housing and infrastructure segment to contribute to the sector's industrialization and to closing equality gaps because of the benefits it offers in terms of high yield, efficiency, profitability, sustainability, and social impact. With this initiative, Grupo Argos created the first industrialized mass production plant for modular concrete housing in Colombia, with a capacity of up to 4,000 homes per year, with optimized times of at least six months. In 2023, we hope to produce and assemble around 1,400 homes, equivalent to 60 buildings, and continue our expansion and positioning as a leading and disruptive provider of technological solutions in the construction sector.

[p. 17]

In 2023, we finished converting all our cement plants in the United States to the production and distribution of Portland Limestone Cement IL (PCL). This cement has a lower percentage of clinker than the type I cement in that market, offers similar yields as regular Portland cement, and has a lower carbon footprint. 100% conversion to PLC is part of the company's overall sustainability plan and also increases the production capacity of our cement plants in the United States, which are currently operating at maximum capacity.

The Colombian Industry and Trade Superintendent granted Argos a new patent that protects three of the company's investments that are directly associated with more environmentally friendly production. With this patent, which is also being registered in the United States, Honduras, and Panama, Argos completes eight patents in Colombia and two in the United States.

As pioneers in the launch of green cement, and thanks to our experience using calcined clay, we moved forward, together with FLSmidth, the Danish Technology Institute, Rondo Energy in the United States, VICAT in France, and the Technical University of Denmark, in the implementation of ECoClay™, a project that aims for carbon neutrality for the cement industry. To reduce CO<sub>2</sub> emissions in cement production by up to 50%, the partners in ECoClay will develop and commercialize the technology required to replace fossil fuels for clay calcination by electrifying the process. The use of calcined clay to reduce clinker content in cement is essential to drastically reduce the carbon footprint of the production process. The project will build a pilot plant in FLSmidth's R&D center in Denmark. This partnership could prove that ECoClay is superior to conventional combustion processes and has significantly lower emissions of environmental pollutants. According to the project plan, the partners in ECoClay expect to start building the first large-scale electric clay calcination plant at the end of 2025.

[Image]

## Forward Vision Operations Core

### Valle del Cauca

We also consolidated the social business model Casa para Mí in 2022. This includes four strategic focuses that aim to reduce the significant housing deficit that exists in Colombia. It drives, together with our construction partners, an offer of dignified housing for both rural and developed urban areas, leveraged by our capacity for innovation and our commitment to our higher purpose.

During the year, the Casa para Mí program built over 50 residences in rural areas and currently has around 700 houses in the study and design phase in different regions around the country. It also began development of the first urban redensification project in the Manrique neighborhood in Medellin. This initial prototype allowed proving that, under the Casa para Mí model, builders can use soils that have up to a 30% weight in project feasibility, which ensures the program's scalability. The program also found a second investor to participate in the Project Financing Impact Fund. The main challenges for 2023 include consolidating the financing fund, building at least 200 residences, and continue innovating in construction systems that will adapt to the culture and to different challenges.

On the other hand, through Celsia, the energy business prioritized four projects to continue driving the growth of products and services in the sector. These are described below:

*[p. 18]*

1. Storage lab and micro network: In storage, we are focusing on tests using electrochemical batteries and, thanks to this, Celsia now has a product to provide energy backup for residential and commercial customers. It also made progress with testing electric vehicle batteries, seeking to provide scalable products to clients in the future, including mobile electric chargers.
2. T&D digital network lab: This space tests new transmission and distribution networks and monitors the performance of installed technology.
3. IOT lab – Internet of Things: This lab developed Celsia's electric vehicle charging stations and is driving technology products to assist with business operations. For example, during the year, it worked on developing smart glasses to provide staff with access to remote, real-time support from the control center. This lab also developed smart dashboards to replace traditional breaker boxes.
4. Control center expansion: The 2<sup>nd</sup> phase of a modern, comprehensive technology platform was delivered that allows us to supervise generation assets and operate transmission and distribution assets safely and reliably.

Sator's activity is not innovation intensive, however, adjustments to customer-required granulometry are a value add that is expected by the industry. There are other mining



operations in the zone that act as the company’s direct competition. However, our operational excellence and social transformation of our surroundings set up apart.

**(v) List of trademarks, copyrights, and patents (See Annex 1 – List of trademarks)**

**(vi) Periodicity of revenue**

Grupo Argos and its affiliates operate and generate revenue year-round. In other words, although they are exposed to typical variations in the sectors where they operate, their revenue is neither cyclical nor occasional.

It should also be highlighted that Grupo Argos and its affiliates that are registered with the RNVE report their non-recurring operations to the market using the appropriate reporting mechanisms, including, for example material investments or divestments that affect the companies’ income results.

*[Image]*

**Cementos Argos Cartagena Plant**  
Bolívar

*[p. 19]*

**(vii) Number of employees**

Indicator	Unit	Grupo Argos		Cementos Argos		Celsia		Odinsa*		Sator	
		2021	2022	2021	2022	2021	2022	2021	2022	2021	2022
Direct employees, considering consolidated companies as of December 2022	#	82	94	7,050	6,937	2,200	2,254	1,402	557	47	47
Variation in the number of employees using the financial consolidation method	%	15%		-1.6%		2.45%		-60%		0%	

**5.1.2. Litigation and judicial and administrative proceedings**

---

\* For the number of Odinsa employees in 2022, please consider that this figure only includes employees that are part of the companies consolidated under Grupo Argos. However, the number of direct employees was 1,834, which continues in effect under the perspective of a joint venture with Macquarie Asset Management, as it continues with ownership of the roadway concessions under the Odinsa Vías vehicle.

As of the cutoff date of this report, neither Grupo Argos nor its affiliates were party to litigation or judicial or administrative proceedings that could materially affect their operations or financial situation. The above, considering the materiality criteria observed when preparing this report.

Provisions and contingent liabilities can be found in notes 22 and 39.2 to the Separated Financial Statements and in notes 24 and 42 to the Consolidated Financial Statements.

[p. 20]

### 5.1.3. Relevant risks the issuer is exposed to and mitigation mechanisms implemented

#### 5.1.3.1. Procedure to evaluate and measure the degree of exposure to risk

Our Comprehensive Risk Management System (SGIR, in Spanish) is an iterative and dynamic process with participation from the entire organization, and that seeks continuous improvement in decision making to anticipate opportunities and/or threats to our strategic goals.

Our risk management process allows us to identify, analyze, assess, manage, and follow up events that could significantly affect our objectives. The company’s risk management process is supported by standards including COS ERM and the ISO 31000 Standard, as well as on best corporate governance practices and the Country Code.

The following is a summary of the main methodological stages of the risk management process:

Risk identification	Risk analysis and assessment	Risk management	Risk monitoring
Find and acknowledge risks that hinder achievement of corporate goals	Understand the nature and the characteristics of the risk to assess it quantitatively and qualitatively to support decision-making.	Implement different options to address the risk according to the company’s goals and criteria and available resources.	Review and improve the quality and efficacy of the process’s design, implementation, and outcomes.

[p. 21]

[Image]

#### Cementos Argos Martinsburg Plant

United States

The SGIR seeks to ensure achievement of our companies’ long-term objectives by receiving feedback from different areas and sources of information including strategic planning, the

relevant risks of Grupo Argos and its businesses, the materiality analysis, stakeholder conversations, and environmental trends.

To maintain our strategic risk matrix current and up to date, we explore trends and risks, comparing Grupo Argos's business to its environment, considering its short-, medium-, and long-term risks and those specific to the businesses, and define a path to follow to ensure corporate sustainability.

Our qualitative analyses are complemented by quantifications that allow us to estimate short-, medium-, and long-term risks based on variable projections and different scenarios.

We also permanently monitor the appearance of new risks and we actively and decidedly work to convert them into important capacities that will make us more resilient and, therefore, more competitive.

According to this definition and the mitigation measures applied, we recognize that diversifying by business, company, and geography is an important mitigator for managing risks at Grupo Empresarial Argos and that allows us to acknowledge an equilibrium between business activities and their risks, significantly reducing the impact a prudent investor could be exposed to when buying, selling, or keeping Grupo Argos securities.

Grupo Argos's investment portfolio is mainly made up of businesses with AAA to AA- ratings, which reflect the geographic diversification and the operating sectors of the businesses in its portfolio.

#### **5.1.3.2. Relevant risks and mitigation mechanisms implemented**

Description of the nature of relevant risks and management, monitoring mechanisms, mitigation actions, and quantification:

##### **(i) Assignment and cost of capital**

Given that Grupo Argos, as an investment holding company, must permanently assess the configuration of its portfolio, this risk is essential to ensure an optimum configuration of investments. It is thus related to an incapacity to generate sustainable and profitable growth of assets under administration, which currently include roadway and airport infrastructure, energy, and cement production and commercialization assets. The above could be due to: (i) distortion in the joint or separated performance of the assets in the portfolio, (ii) not receiving the expected returns, (iii) no being able to attract institutional, local, and international capital, (iv) inefficient use of the financial flexibility of its assets and companies (e.g., project finance, cash-outs, target risk ratings, among others), (v) inadequate diversification of lines of business, or (vi) the materialization of critical operating risks in assets and businesses that compromise its capacity to continue as an ongoing concern.

##### **Impact:**

- Lower shareholder returns and inability to release the organization's value, due, among other reasons, to adverse situations regarding the businesses or the countries of operation, and reduced cash and dividend flows due to potential impacts on the

- financial and operating performance of the companies that make up Grupo Argos's investment portfolio.
- Affection of the intrinsic value of investments due to potential deterioration of investments or assets.
  - Increased costs and/or limited access to capital, due mainly to increased interest rates and/or inappropriate structures to incorporate institutional capital.
  - Delays in executing investment plans, either due to difficulties to access capital or to obtain the authorizations or licenses that enable project performance, especially in the infrastructure and energy businesses.
  - Reputational effects given that Grupo Argos's main activity is to efficiently assign capital.

**Mitigation actions:**

- Performance of the business plan and definition of a structured investment thesis, followed up permanently by Grupo Argos's upper management and by strategic committees in the different areas of the business to align the risk vision.
- Ongoing diversification and innovation of funding sources that implies, among others, the involvement of institutional capital, mainly because of infrastructure assets.
- Diversified currency management through investment in return-producing assets in different currencies, either by country or by operation (the energy business obtains returns indexed according to the dollar and the Colombian peso. The geographic diversification of the cement business implies flows in different currencies).
- The projected use-over-flow ratio for 2023 and 2024 is 1.2 and 1.1 times respectively, which is evidence of Grupo Argos's capacity to meet its operating and financing commitments and reflecting a margin available in the event of any unfavorable macro-economic scenario.

Based on the above, and considering Grupo Argos's current investment portfolio, it can be stated that the assignment of capital to the different industries where the organization participates contributes significantly to minimize risk associated impacts.

**(ii) Social, political, and economic environment**

This includes conditions external to the organization that could deteriorate the social, corporate, institutional, and regulatory fabric, or unfavorable moments of the economic cycle. These could be caused by: (i) low quality and lack of trust in institutions and the political system, (ii) low predictability of regulatory frameworks, (iii) obstacles to obtaining environmental and social licenses, (iv) increased country risk and reduced investor appetite, and (v) unfavorable global economic cycle and interest rates. This is relevant to Grupo Empresarial Argos as it operates cement assets and roadway, airport, and energy infrastructure mostly in Colombia.

### **Impacts:**

- Higher capital costs due to country risk premiums related, among others, to political declarations and decisions that affect the sectors we participate in and that imply an increased perception of risk, considering potential industrial interventions.
- Reduced expected cash flow and/or effects on the value of investments, given potential changes to asset investment and operation rules, mainly as regards energy and roadway infrastructure assets.
- Higher operating costs and requirements deriving, among others, from protests that damage roadway and airport infrastructure, energy generation plants, energy distribution and transmission infrastructure, and cement and concrete production plants.
- Limited or impossible asset operation due, for example, to strikes or blockages that prevent the normal operation of energy, roadway, and airport assets.

### **Mitigation actions:**

- Active engagement with all stakeholders in the industries where we participate, underscoring engagement with the authorities in the electrical and concessions sectors.
- Ongoing legislative and regulatory monitoring, performed by domestic and international industrial organizations the company belongs to.
- Geographic and sectoral diversification, given that we operate in 20 countries across the energy, roadway and airport, and cement industries.
- Ongoing adoption of ESG practices. Grupo Argos has adopted ESG practices as a business philosophy, with different international frameworks for each industry, including the TCFD (*Task Force on Climate-Related Financial Disclosures*), SASB (*Sustainability Accounting Standards Board*), and GRI (*Global Reporting Initiative*).
- Vision of the corporate social role, Grupo Argos and its companies contribute actions to mitigate their impact on their environment. The taxes paid by Grupo Empresarial Argos are an important source of funds for the Government's social function.

The conclusions submitted by risk rating agencies in 2022 state that, although the current volatile macroeconomic scenario creates uncertainty regarding fulfillment of business projects, Grupo Empresarial Argos's operations have the capacity to be flexible under adverse conditions, as was proven during the Covid-19 pandemic, as well as a margin to reduce its indebtedness. This was proven with a reduction of over COP 3 trillion in consolidated debt over the last three years, allowing the company to maintain appropriate indicators.

*[Image]*

**El Dorado Airport**

Bogota

*[p. 24]*

### **(iii) Climate change and other global risks**

This risk refers to a lack of competitiveness in the transition to a low-carbon economy, as well as threats from natural events and other global risks that could compromise our portfolio, including pandemics and wars. These could materialize due to (i) regulatory changes, (ii) technological deficits at the businesses, (iii) changing consumer preferences, (iv) increasing frequency of natural events, (v) geopolitical conflicts, (vi) greater global interconnectivity and complexity, and (viii) new regulations implying new taxes on emissions or on fuel use.

#### **Impact:**

- Effects on the value of investments due to increased costs or limitations on asset operations due to potentially reduced technical capacity.
- Technological changes that require adaptations to generation plants or early replacement of existing assets due to obsolete technology.
- New or increased carbon taxes due to emissions or the consumption of fossil fuels.
- New regulations that change the operations of the energy market, impacting generation levels.
- Increased costs for withholding and transferring risk, with a resulting increase in insurance premiums.
- Reduced revenue due to interrupted operations because of extreme climate events that damage energy infrastructure, transmission and distribution networks, cement and concrete logistics, and interrupt roadway and airport activities.
- Difficulty accessing funding and insurance sources, given the assets' exposure to natural disasters.
- Increased capital costs, given the types of industries where the group operates.

#### **Mitigation actions:**

- Investment strategy in (i) renewable energy, (ii) energy efficiency portfolio, and (iii) infrastructure for sustainable mobility.
- Implementation of programs to protect forests and water resources, such as the VerdeC Program which helps improve water basins, with results in water conservation and helps capture CO<sub>2</sub>.
- Per company climate change mitigation and adaptation plans. The cement business specifically works on reducing its caloric consumption per kilogram of clinker produced.
- Replace conventional with alternative fuel. The cement business is using tires for its ovens, replacing the use of coal.
- Technology innovations and adoption (renewable energy and alternative energy used to reduce emissions).

Grupo Argos and all its affiliates have been committed for some time with climate change prevention and to identifying actions and activities to buffer our impact in the zones where we have an influence and on the environment in general. These have, in turn, enabled

business continuity and allowed us to participate in the markets where we operate. We have thus successfully offset the impact of risk materialization by identifying and implementing prevention and mitigation actions in a timely manner, leading to a conclusion that the potential for risk materialization is remote.

*[Image]*

### **Túnel de Oriente**

Antioquia

*[p. 25]*

*[Image]*

### **Grupo Empresarial Argos Employees**

Colombia

#### **(iv) Reputation**

Refers to effects on the reputation and trust of stakeholders that compromise the organization's capacity for operating and enabling the development of business. This risk could arise due to the following: (i) Potential reductions in business performance, (ii) failure to perform the investment thesis, (iii) inappropriate actions by Grupo Empresarial Argos employees, (iv) materialization of contingencies, (v) adverse legal processes, and (vi) smear campaigns and fake news.

#### **Impact:**

- Reduced share price and liquidity, considering that the Colombian stock market lacks depth and any inappropriate information could affect Grupo Argos's share price.
- Fines, sanctions, or legal actions against Grupo Empresarial Argos's companies.
- Difficulty accessing funding and insurance because of greater perceived risk due to distortions of the companies' corporate realities.
- Deteriorated stakeholder relations.

#### **Mitigation actions:**

- Manage issues that could have a reputational impact.
- Consolidate ESG practices for all Grupo Empresarial Argos companies, especially as regards corporate governance, ethics, and transparency.
- Brand positioning strategy.
- Timely and specialized management of contingencies and legal proceedings.
- Communication channels with different audiences and brand perception monitoring.
- Spokesperson structure and message curation.

#### **(v) Human talent**

Refers to difficulties in or mistakes with key talent attraction, selection, development, and retention processes, that would lead to a lack of this talent. This could be due to: (i) unattractive value proposal for employees, (ii) failure to identify and select talent for lines of succession, (iii) lack of preparation of key personnel, (iv) lack of alignment between the corporate culture and the strategy of Grupo Empresarial Argos, and (v) bad working environment.

**Impact:**

- Unavailability of the talent required to achieve organizational objectives.
- Inability to meet or delays in meeting strategic objectives.
- Loss of key knowledge and experience affecting business operations, especially technical know-how for the energy and concessions industries.
- High staff turnover.

**Mitigation actions:**

- Definition and implementation of a talent strategy that seeks to attract, develop, and retain the best talent.
- Ensure alignment between business culture declarations and the corporate culture, considering this as a source of competitive advantage.
- Accompany employees' performance management and personal development.

[p. 26]

[Image]

**Cementos Argos Harleyville Plant**

United States

- Identify our key talent and accompany them to improve their preparation for critical positions.
- Implement the diversity, equality, and inclusion strategy.
- Promote our employer brand.
- Define clear business objectives, where people can identify their contribution and commit to achieving it.

**(vi) Technology and cybersecurity**

These risks cover failures of the technology platform used to operate the organization's assets, which could compromise both ongoing operations and strategic information. It could materialize due to: (i) control issues related to persons and information systems, (ii) failures in the alert monitoring system, (iii) software and hardware manufacturer vulnerabilities, and (iv) sophisticated cyberattacks.



**Impact:**

- Affect business continuity: (i) energy production and commercialization, (ii) roadway and airport operations, and (iii) cement production and sales.
- Damage to physical infrastructure and/or impacts on the value of investments.
- Surcharges or reduced revenue from interrupted operations.
- Loss of intellectual property or critical business information.
- Fines, sanctions, or legal actions against companies.
- Deteriorated reputation due, mainly, to impacts associated with the provision of energy services, airports, and concrete and cements logistics, as the suspension of these services can affect clients.

**Mitigation actions:**

- Develop a cybersecurity model that includes policies, guidelines, and committees.
- Adopt international cybersecurity standards and implement controls (preventive, detective, and responsive to cyberattacks).
- Continuity plans and reestablishment of operations adjusted to each industry where Grupo Empresarial Argos participates.
- Communication strategies to prevent cyberattacks, including training and simulations.

**(vii) Market risk**

This risk arises from changes in interest rates that could affect the value of the investment portfolio. Reinvestment, inflation, and economic policy change risks are all part of market risk. Grupo Empresarial Argos is highly exposed to variations in the general consumer price index (CPI) and the intervention interest rates in the economies wherein it participates.

[p. 27]

**Mitigation actions:**

- Read the market as regards the macroeconomic environment and the organization's counterparts, monitoring risk premiums, returns on investment, and the cost of debt, in real terms.
- Grupo Argos has historically maintained reduced levels of cash compared to its short-term debt. This is mitigated by stable revenue from dividends and its ability to access alternative sources of liquidity.

A solid history of stable dividend flows, a manageable debt maturity profile, and the company's proven financial flexibility favor its credit profile.

**See the following links for risk-related information for affiliates**

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

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

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

[Image]

### Calima Hydroelectric Plant

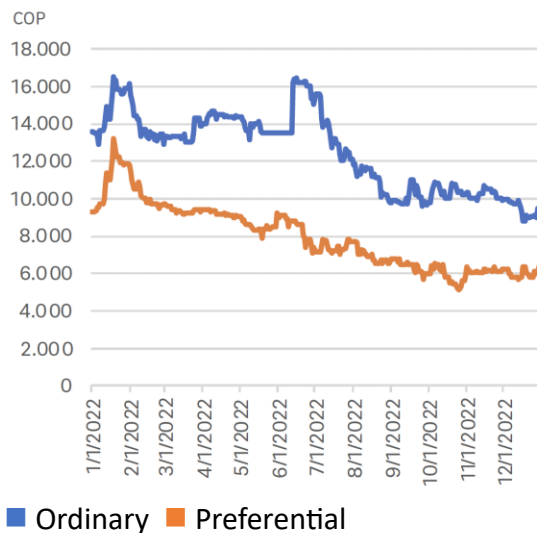
Valle del Cauca

[p. 28]

## 5.2. Second part – Stock market and financial performance

### 5.2.1. Performance of the issuer's securities in trading systems

The following graph shows the performance of Grupo Argos's ordinary shares and preferential dividend, non-voting shares (preferential shares) throughout 2022:



- **Ordinary share:** In 2022, the average share price was COP 12,473/share, with a minimum of COP 8,800/share and a maximum of COP 16,510/share. On December 31, 2022, the share had a closing price of COP 9,490.
- Ordinary shares had an average daily volume of COP 3,983 million.
- **Preferential share:** In 2022, the average share price was COP 7,936/share, with a minimum of COP 5,100/share and a maximum of COP 13,200/share. On December 31, 2022, the share had a closing price of COP 6,350.
- Preferential shares had an average daily volume of COP 538 million.

Source: Colombian Stock Market

## 5.2.2. Information of the issuer's stock share

### Company stock distribution as of December 31, 2022:

Type of shares	Number of ordinary shares	Number of shareholders	% share of the company's stock
Ordinary*	657,629,103	8,607	76%
Preferential	211,827,180	8,930	24%
Total	869,456,283		100%

[p. 29]

Ordinary share	36.0% Grupo Sura 13.0% Grupo Nutresa 14.4% Colombia Funds 12.3% Passive Funds 9.2% International Funds 3.1% Others	Preferential share	69.0% Colombia Funds 13.0% Passive Funds 24.0% Others
----------------	---	--------------------	---

### Shareholders with over 25% shareholding:

Shareholder name	Ordinary shares	Preferential shares	Total shares	% Shareholding
Grupo de Inversiones Suramericana S.A.	234,285,682	-	234,285,682	26.95%

### Approved dividend:

- Approved dividend: During its ordinary session for 2022, the General Shareholder Meeting approved a dividend of 500 pesos per share. This dividend per share is the same for ordinary and preferential shares. The dividend was shared out between 869,456,283 shares and was equal to COP 434,728,141,500.
- Form of payment: The dividend was paid in four quarterly installments of COP 125 per share on the following dates: April 5, 2022, July 5, 2022, October 5, 2022 and January 5, 2023.

## 5.2.3. Financial information for the 2022 fiscal year

---

\* Corresponds to outstanding shares

See Annex 3 – Separated Financial Statements as of December 31, 2022, ruled on by the Statutory Auditor and certified by the Legal Representative.

See Annex 4 – Consolidated Financial Statements as of December 31, 2022, ruled on by the Statutory Auditor and certified by the Legal Representative.

#### **5.2.4. Analysis of the issuer's operating results and financial position**

##### **5.2.4.1. Variations in operating results:**

##### **Grupo Argos**

The following is a summarized analysis of the main variations in Grupo Argos's financial statements:

##### **(i) Consolidated statement of financial position:**

- Current assets were COP 13.7 trillion and non-current assets COP 43.2 trillion, for COP 56.9 trillion in total assets, growing 8% compared to the end of 2021.
- Current liabilities were COP 10.3 trillion and non-current liabilities were COP 14.6 trillion, for total liabilities of COP 24.9 trillion, growing 5% compared to the previous year.
- As of December 2022, consolidated leverage dropped 1% compared to December 2021, mainly because of payments made to the COP 1 trillion debt. Notwithstanding the above, a higher exchange rate on 2022 compared to 2021 required an exchange rate differential adjustment of COP 1.1 trillion, carried to debt.
- Equity was COP 32.0 trillion, with an 11% positive variation.

For more information, see the Notes to the Consolidated Financial Statements attached to this report.

##### **(ii) Consolidated income statement:**

- Consolidated revenue on December 31, 2022 was COP 21.3 trillion, growing 31% compared to the same period the previous year, as a result of improved operating performance at all businesses.
- Structural expenses were COP 2 trillion, growing 15% compared to December 2021, mainly due to increased administration and sales expenses at Cementos Argos, Celsia, and Opain, incurred because of these businesses' increased operating dynamics.
- Consolidated Ebitda closed at COP 5.2 trillion, 20% higher than December 2022, due to increased revenue. Highlights included increased contributions from the energy business and increased revenue from Grupo Sura via the equity method. Ebitda margin was 24% compared to 27% in December last year.
- Financial expenses were COP 1.4 trillion, increasing 46% compared to December 2021, mainly due to increasing interest rates indexed to the CPI and RBI. The CPI increased from

5.62% in December 2021 to 13.12% in December 2022, an increase of 750 bp, while the IBR increased from 3.42% in December 2021 to 11.66% in December 2022, an increase of 824 bp.

- Net income was COP 1.4 trillion, 19% higher than obtained during the same period in 2021, with a net income to the controlling interest of COP 881 billion, 49% higher than obtained in December 2021.

For more information, see the Notes to the Consolidated Financial Statements attached to this report.

**(iii) Separated statement of financial position:**

- Total assets were COP 21.0 trillion, increasing 11%.
- Total liabilities were COP 2.3 trillion, increasing 26%.
- Indebtedness on the separated financial statement decreased 6% compared to December 2021 to COP 1.4 trillion, with a cost of debt of 12% as of December 2022, compared to 7% for the same period in 2021.
- Regarding liabilities, it should be highlighted that this item mainly increases due to an increase in deferred taxes due to tax reforms in 2022. In 2022, Grupo Argos reduced its net separated indebtedness by COP 331 billion, equivalent to a reduction of 23% compared to the figure booked in December 2021.

*[p. 31]*

- Equity was COP 18.6 trillion, growing 9% compared to equity booked at the end of 2021.

For more information, see the Notes to the Separated Financial Statements attached to this report.

**(iv) Separated income statement:**

- Revenue was COP 779 billion, 19% higher than the same period the previous year, due to increased contributions via the equity method from Celsia, Odinsa, Cementos Argos, and Sator, and due to higher revenue from the real estate business, which increased 25% compared to December 2021.
- Ebitda was COP 476 billion, an increase of 13% compared to the same period in 2021. Ebitda margin was 61%, compared to 64% in December the previous year.
- Net financial expenses ascended to COP 109 billion, a 19% increase compared to the previous year, mostly due to higher interest rates.
- Net profit was COP 346 billion, 3% higher than the same period the previous year.

For more information, see the Notes to the Separated Financial Statements attached to this report.

*[Image]*

**Grupo Empresarial Argos Employees**

Colombia

*[p. 32]*

By the close of 2022 we dispatched a consolidated COP 16.2 million tons of cement, a slight reduction of 3.7% compared to 2021, mainly caused by affectations to the industrial business in Central America and the Caribbean.

In turn, concrete volumes stood at COP 7.5 million cubic meters, growing 6.3% and leveraged by the good performance of the Colombian market.

We achieved a historical maximum in terms of revenue for a total of COP 11.7 trillion pesos, which represents 23.7%, as well as a historic maximum in operational EBITDA with COP 2.1 trillion, a 6.6% improvement compared to 2021. These results are in line with the guidance provided to the market a year ago and was possible thanks to a successful pricing strategy, cost efficient management throughout our operations, and careful, articulated planning of the supply chain inside the company.

After making the required adjustments to make the exercises comparable, especially considering non-recurring divestments in 2021, expenses associated with listing the U.S. business on the New York Stock Exchange, and non-monetary tax provisions related to the payment of intercompany accounts by Argos USA to Cementos Argos, the net profit of ongoing operations in 2022 ended the year at COP 403 billion, 14.4% lower than 2021, affected mainly by notably higher financial expenses by virtue of higher interest rates.

From a cash flow perspective, 2022 was a favorable year for the company, with an increase of COP 772 billion pesos in its consolidated net cash position, ending the year with a balance of COP 1.3 trillion.

Our leveraging index decreased 9% to 2.8 times, the lowest in the last nine years. Total debt closed at USD 1.4 billion, 37% of which is in dollars at an average rate of 5.6%, and 63% is in pesos, at an average rate of 15.1%. 31% of the company's debt is currently tied to improvements in sustainability indicators.

Our expectations for our three regions are positive for 2023. With higher prices and a more stable inflation, we hope to capture all the opportunities that arise in our regions and maximize value for our stakeholders.

For more information about Cementos Argos S.A., please see its 2022 Periodic End of Exercise Report at its website: <https://ir.argos.co/servicios-al-inversionista/informacion-relevante/>

*[Image]*

**Cementos Argos Comayagua Plant**

Honduras

*[p. 33]*

*[Image]*

**Celsia Solar Bolivar**

Bolivar

## **Infrastructure**

### **Celsia**

The company had consolidated revenue of COP 5.58 trillion, growing 35.9% compared to the previous year. Operational efficiency allowed us to achieve a consolidated EBITDA of COP 1.78 trillion, the highest in our history, growing 30.1%.

The investment platforms developed in recent years have allowed us to accelerate our growth alongside strategic partners that contribute capital and knowledge. In 2022, these platforms represented COP 293 billion in revenue for the company with COP 3.4 trillion in assets under operation.

The combination of solid assets and good operating performance allowed us to achieve a consolidated net income of COP 443 billion, even though financial expenses were almost twice as high as the previous year due to high interest rates.

Consolidated debt ended the year at COP 5.66 trillion, with a net leveraging over EBITDA indicator of 3.0 times. Regarding that debt we reprofiled COP 820 billion that were coming up on maturity in 2023. The balance sheet structure remains strong, and this, together with our consistent and positive operating and financial results meant that we kept the highest credit rating of AAA, both for Celsia and for Celsia Colombia.

As regards separated financial performance, revenue was COP 378 billion, an increase of 11.8%, and net profits were COP 253 billion. Assets were COP 6.7 trillion and equity was COP 5.6 trillion with a positive variation of 4.5%.

For more information on Celsia S.A., see their 2022 Periodic End of Exercise Report on their website: <https://www.celsia.com/es/inversionistas/celsia/informacion-relevante/>

### **Concessions – Odinsa**

In 2022 our roadway and airport concessions business proved its resilience by ending the year with results that showed a full recovery from the effects of the Covid-19 pandemic.

Traffic along Odinsa's roadway concessions continued improving and ended the year at over 39 million vehicles, growing 15% compared to the previous year. Increased traffic translates into higher internal rates of return for each concession. A highlight is the performance of Túnel de Oriente, where average daily traffic increased 30% compared to the previous year, reaching levels estimated for 2032.

In turn, airport traffic ended the year at 40.7 million passengers mobilized. Traffic at both Opain and Quiport grew by more than 65% compared to the previous year. This translates into greater profitability, a highlight of which is substantial growth in the expected internal rate of return for El Dorado, with grew from 13% to 17% per year in 2022.

Besides considerable growth in its operating results, 2022 was the year where Odinsa achieved great milestones in achieving its long-term vision. The most important, without a doubt, was the announcement of the creation of a COP 1.4 trillion airports platform together with Macquarie Asset Management, the largest infrastructure fund manager in the world,

with which the company had already concluded an agreement to create Odinsa Vías, the roadway concessions platform that is currently managing Túnel Aburrá Oriente, Pacífico 2, Malla Vial del Meta and Autopistas del Café.

For more information on Odinsa S.A., see its 2022 Periodic End of Exercise Report on its website: <https://www.odinsa.com/informacion-relevante/>

[Image]

**El Dorado Airport**

Bogota

[p. 35]

#### 5.2.4.2. Material changes regarding liquidity and solvency






Outstanding results from many of the businesses went hand in hand with a deleveraging policy, which, faced with a volatile economic environment with notably higher financing rates, represents an important relief for financial expenses. Over COP 3 trillion were paid off over the last three years, and these figures are equivalent to over half the consolidated EBITDA booked for 2022. Decisions made to divest in non-strategic assets and to use these and other resources to pay off debt, allowed mitigating consolidated financial costs which, despite the above, grew by approximately COP 450 billion. If these decisions had not been made in a timely manner, financial costs could have impacted the consolidated results statements by an additional half trillion pesos.

Grupo Argos separated net debt ended the year at COP 1.1 trillion, with 99% of its loans maturing after 2023, providing the company with financial flexibility and allowing it to end the period with healthy indebtedness indicators that are in line with its current credit rating. Financing rates have increased globally, leading the cost of debt to close at 12%, increasing by 500 basic points compared to 2021. However, the company has implemented hedging mechanisms that allow it to partially mitigate this increase.

#### Summarized leveraging indicators at the close of 2022

Metrics calculated based on 12M<sup>1</sup> figures

Billions of COP

												
	Separated		Consolidated		Dec-21	Dec-22	Dec-21	Dec-22	Dec-21	Dec-22	Dec-21	Dec-22
	Dec-21	Dec-22	Dec-21	Dec-22	Dec-21	Dec-22	Dec-21	Dec-22	Dec-21	Dec-22	Dec-21	Dec-22
Revenue	653	779	16,309	21,343	9,818	11,684	4,110	5,585	918	515	828	1,502
Δ Revenue Variation		19%		31%		19%		36%		-44%		81%
EBITDA <sup>3</sup>	420	742	4,336	5,223	2,156	2,138	1,368	1,781	236	501	234	537
Δ EBITDA Variation		77%		20%		-1%		30%		112%		129%
EBITDA Margin	64%	95%	27%	24%	22%	18%	33%	32%	26%	97%	28%	36%
Net financial expenditure <sup>4</sup>	91	109	989	1,441	401	606	216	580	221	61	81	73
Net fin exp / Revenue	14%	14%	6%	7%	4%	5%	5%	10%	24%	12%	10%	5%

Debt <sup>4</sup>	1,475	1,380	16,349	16,464	6,216	7,262	4,463	5,661	2,667	631	1,528	1,530
-------------------	-------	-------	--------	--------	-------	-------	-------	-------	-------	-----	-------	-------



% LP	84%	100%	77%	83%	72%	77%	90%	91%	56%	56%	87%	81%
Cost COP	7.0%	12.0%			7.8%	15.1%	7.4%	15.5%	7.1%	7.6%	7.1%	15.1%
Cost USD	-	-			3.3%	5.6%	5.8%	8.6%	3.6%	6.6%	4.1%	4.1%
Net debt / EBITDA <sup>6</sup>	3.5x	1.5x	3.2x	2.6x	2.9x	2.8x	3.1x	3.0x	2.8x	0.9x	4.5x	1.6x
Gross debt / EBITDA <sup>6</sup>	3.5x	1.9x	3.8x	3.2x	3.1x	3.4x	3.3x	3.2x	14.4x	1.3x	6.5x	2.8x
EBITDA/Interest	4.6x	6.8x	4.4x	3.6x	5.4x	3.5x	4.3x	2.8x	1.1x	8.2x	2.7x	5.8x
Rating	AAA	AAA	AA+	AAA	AA	AA	AA+	AAA	AA-	AA	BB+	BB+
Outlook <sup>5</sup>	Stable	Stable	Positive	Stable	Positive	Positive	Stable	Stable	Stable	Stable	Negative	Negative

[p. 36]

### 5.2.4.3. Trends, events, or uncertainties

The following are the main trends and relevant events:

- It should be highlighted that the organization's evident generation of economic value is not being reflected by Grupo Argos's share price. Proof of this is that the company is being traded on the stock market at less than half of its carrying value while, on average, throughout the time it has been listed on the market, the company's price has been greater than its carrying value at the end of this year. This disconnect is due to many factors, some of them exogenous, including a low appetite of international investors for variable return assets in emerging markets, a lack of liquidity of the Colombian market, political and institutional uncertainties in Colombia, and global economic volatility. This gap between value and price is a problem affecting many issuers on the Colombian Stock Market. At the start of 2023, the median price/carrying value multiplier between issuers on the Colombian market was around 0.6 times, an unprecedented factor. For reference, that same multiplier for companies on the S&P 500 was above three times. In 2022, the change in share prices amongst issuers on the Colombian stock market, excluding issuers that were subject to takeover bids during the year, was close to -30%. This is a generalized disconnect that represents a higher commitment to implementing initiatives that will help close the gap between the organization's share price and its value.
- As regards the concessions business, Decree 0050 was issued in 2023, which froze the fees for 143 toll stations in the country. As a company, we can breathe easy because 75% of Odinsa's roadway traffic was not affected by the National Government's decree. The Government also defined offset mechanisms for concessions affected by these measures and a mandate to reestablish rates in 2024, which is fundamental for the economic and legal stability of the concession scheme.
- As regards the electrical industry, Decree 0227 was enacted by which the President of the Republic reassumed, for three months, general functions delegated to certain public utility regulation committees, including the CREG, making himself responsible for issuing specific administrative acts. Although no regulatory provisions have yet been proffered, and the legal effects of this decree have been provisionally suspended according to a precautionary measure issued by the Council of State on March 2, 2023, on this point we would like to issue an invitation to uphold the sector's institutions, which have been strengthened for over 30 years, and which have not only allowed overcome periods of

scarcity in energy generation without energy rationing like we experienced in 1992, but have also allowed building and funding large infrastructure projects with solid and stable regulations over time. These institutions have also allowed coverage to stand at between 97% and 98%, when it stood at only 80% during the 1990s. Quality indexes have improved and, as a country, we need to foster conditions that will ensure its energy security, a social and economic enabler that we cannot take for granted. We are convinced that a fairer and more sustainable economic system must build upon the institutional scaffolding that has been developed for decades.

- As regards financing rates, these have increased globally, which has meant that the cost of debt closed the year at 12%, a 500 bp increase over 2021.

[p. 37]

#### **5.2.4.4. Information on off-balance-sheet operations**

Grupo Argos's Financial Statements contain all its assets and liabilities as of December 31, 2022. We can also report that we have not identified, nor have any of our investments reported, any off-balance-sheet operations.

[Image]

**Cementos Argos Mixers in Houston**  
United States

#### **5.2.4.5. Quantitative and qualitative market risk analysis**

##### 5.2.4.5.1. Quantitative market risk analysis

Financial risks include market risks. These risks derive from fluctuations in macroeconomic and microeconomic variables that can give rise to changes in the value of assets and liabilities, affecting results and, therefore, shareholder profitability.

Investments in subsidiaries, associates, and joint businesses, and in other financial assets reported in the company's financial statements, are exposed to market risks. Investments in subsidiaries, associates, and joint businesses are considered permanent investments, as these are not entered into for trading purposes, and they are carried according to the company's accounting policies, applying the equity method to investments in subsidiaries, and booking its investments in associates and joint businesses at cost.

The company's other financial assets are composed mainly of investments in equity instruments, term deposits, and other securities, some of which are listed on the Colombian Stock Exchange and the New York Stock Exchange. These are measured at their reasonable value with changes in results or other comprehensive results depending on the specific nature of each instrument. However, these are not concluded for trading purposes.

The company also has financial obligations, bonds and compound financial instruments that are exposed to market risks, mainly for those instruments whose interest rate is indexed to variable indicators.

[p. 38]

The reasonable values of these investments are presented below (values expressed in millions of Colombian pesos):

	Carrying value	Reasonable value	Carrying value	Reasonable value
	2022		2021	
<b>Financial assets measured at reasonable values with changes in OCI:</b>				
Equity investments	2,029,396	2,029,396	1,313,005	1,313,005
Derivative financial instruments swap	3,521	3,521	3,000	3,000
<b>Measured at reasonable value with changes in results</b>				
Other investments	229,827	229,827	1	1
<b>Measured at amortized cost</b>				
Cash and cash equivalents	72,319	72,319	16,237	16,237
Trade and other accounts receivable	362,232	362,352	311,480	302,816
<b>Total financial assets</b>	<b>2,697,295</b>	<b>2,697,415</b>	<b>1,643,723</b>	<b>1,635,059</b>
<b>Financial liabilities measured at reasonable value with changes in OCI:</b>				
Derivative financial instruments swap			1,647	1,647
<b>Measured at amortized cost</b>				
Financial obligations	401,217	372,860	394,837	346,046
Outstanding bonds and securities	995,112	925,324	1,082,365	1,077,589
Preferential shares classified as debt	9,612	9,612	15,929	15,929
Vendors and accounts payable	148,922	148,922	11,274	11,274
<b>Total financial liabilities</b>	<b>1,554,863</b>	<b>1,456,718</b>	<b>1,506,052</b>	<b>1,452,485</b>

[Image]

### El Dorado Airport Bogota

All investments in subsidiaries are booked using the equity method. The only investments currently listed on the stock market are Cementos Argos, whose stock price on December 31, 2022 was COP 3,600 per ordinary share (2021 COP 6,110 per ordinary share) and Celsia, whose stock price on December 31, 2022 was COP 2,780 per ordinary share (2021 COP 4,184 pesos per ordinary share).

Likewise, all investments in associates and joint businesses are booked at cost except the Pactia Private Real Estate Equity Fund which is booked at reasonable value, with a unit value of COP 13,282.19 (2021 COP 12,263.48). The only one of these investment currently listed on the stock exchange is Grupo de Inversiones Suramericana S.A., which had a stock price on December 31, 2022 of COP 42,000 per ordinary share (2021 COP 30,000 per ordinary share).

[p. 39]

Significant variables used to measure reasonable value on December 31, 2022 are the following.

	Valuation technique	Significant variables
<b>Financial assets:</b>		
<b>Measured at reasonable value with Changes to OCI:</b>		
Equity investments	Market prices	Share price and market approach
Derivative financial instruments	Reasonable value	Swap: Projected CPI and OIS curves
<b>Measured at reasonable value with changes in results:</b>		
Other financial assets	Market prices and rates	Market value and unit value
Derivative financial instruments	Reasonable value	Swap: market value
<b>Measured at amortized cost:</b>		
Trade and other receivables	Discounted cash flows	The discount rate used corresponds to the effective rate agreed and indexed with the CPI or average debt rate of the company in absence of an agreed rate
<b>Financial liabilities:</b>		
<b>Measured at reasonable value with Changes to OCI:</b>		
Derivative financial instruments	Reasonable value	Swap: CPI curve and OIS curves COP
<b>Measured at amortized cost:</b>		
Financial obligations	Discounted cash flows	The discount rate used corresponds to the market rate for loans under similar conditions
Outstanding bonds	Discounted cash flows	Discount rate associated to the zero-coupon curve
Preferential shares classified as debt	Discounted cash flows	The discount rate used corresponds to the company's average debt rate
Vendors and accounts payable	Discounted cash flows	The discount rate used corresponds to the effective rate agreed and indexed to the CPI

[p. 40]

Of the instruments indicated above, as of December 31, 2022, the company has COP 136 billion in term deposits with domestic banks that mature between February and September 2023, and COP 45 billion with financing companies that mature in May 2023. With regards to financial liabilities, expected maturity dates are (values expressed in millions of Colombian pesos):

December 31, 2022	Weighted average interest rate	3 months to 1 year	1 to 5 years	5 and more years	Total	Carrying Value
No interest		148,922	97	-	149,019	149,019
Instruments at a variable interest rate	15.52%	206,071	1,403,673	843,457	2,453,201	1,396,232
Other liabilities		847	3,389	5,376	9,612	9,612
<b>Total as of December 31, 2022</b>		<b>355,840</b>	<b>1,407,159</b>	<b>848,833</b>	<b>2,611,832</b>	<b>1,554,863</b>
<b>December 31, 2021</b>						
No interest		11,274	81	-	11,355	11,355
Instruments at a fixed interest rate	5.78%	95,895	-	-	95,895	92,593
Instruments at a variable interest rate	7.56%	102,580	1,033,065	915,917	2,051,562	1,384,528
Other liabilities		847	3,378	11,683	15,929	15,929
<b>Total as of December 31, 2021</b>		<b>210,596</b>	<b>1,036,535</b>	<b>927,610</b>	<b>2,174,741</b>	<b>1,504,405</b>

For more information see Note 7 on financial instruments to the Separated Financial Statements as of December 31, 2022, attached to this report.

#### 5.2.4.5.2. Qualitative market risk analysis

The company's management of its financial instruments is exposed to risk factors including exchange rate, interest rate, and pricing risk (stock market listing and others). These risks are managed considering company policy guidelines and market risk exposure is measured using different quantitative models, including Value at Risk (VaR), scenario simulation, and sensitivity analyses.

The degree of the company's exposure to different market risk factors is presented below (share price, exchange rate, and interest rate).

#### **Sensitivity analysis of financial assets:**

A variation of 1% in the share price of Grupo Nutresa S.A., which constitutes the main component of the financial assets measured at reasonable value, would generate a variation of approximately COP 20 billion in other comprehensive income (OCI) (2021 COP 13 billion). For more information see Note 7 on financial instruments and Note 11 on other financial assets to the Separated Financial Statements as of December 31, 2022, attached to this report.

*[Image]*

**Cementos Argos Cartagena Plant**  
Bolívar

*[p. 41]*

#### **Exposure to the U.S. dollar and other currencies:**

The following is the company's exposure to exchange rate variations related to the U.S. dollar based on notional monetary assets and liabilities and after incorporating hedges using derivative financial instruments (values expressed in millions of Colombian pesos):

Exposure to the U.S. dollar and other currencies	2022	2021
<b>(In thousands of dollars)</b>		
Monetary assets	55	153
Monetary liabilities	(28)	(98)
<b>Net exposure</b>	<b>27</b>	<b>55</b>
<b>(In millions of Colombian pesos)</b>		
Monetary assets	264	610
Monetary liabilities	(133)	(391)
<b>Net exposure</b>	<b>131</b>	<b>219</b>

At an income statement level, the company is mainly exposed to the U.S. dollar because of the entries in that currency. The table below describes the sensitivity to a 20% increase or reduction in the Colombian peso versus pertinent foreign currencies after considering the effect of hedge accounting whenever applicable. 20% represents the sensitivity percentage used when reporting exchange rate risk internally to key management staff and represents management's evaluation of a reasonable potential change in exchange rates. This sensitivity analysis only includes pending monetary entries designated in foreign currencies and adjusts their conversion at the end of the period to a 20% change in exchange rates. A positive figure below indicates increased results where the Colombian peso is weakened by 20% against the pertinent currency. If the functional currency should become strengthened by 20% compared to the reference currency, this would have an opposite effect on the income statement.

	In millions of Colombian pesos	
	2022	2021
Impact on income before taxes	26	32

#### **Exposure to interest rates and inflation indices:**

The company is exposed to interest rate risk due to loan disbursements at rates that may be variable. These risks are managed based on reading the macroeconomic environment and the organization's counterparts, monitoring risk premiums, returns on investment, and the cost of debt, in real terms.

Reference interest rates for the Colombian financial market that the Company is exposed to are the CPI and the IBR, the international Labor rate for loans in dollars, when the company makes use of these.

The Company believes that most of its debt should be indexed against indicators like the CPI and IBR, due to its revenue, cost, and expense structure. At the close of 2022 it had COP 1.38 trillion pesos (2021 COP 1.47 trillion pesos) in financial obligations and bonds payable, with a half-life of 5.0 years (2021 5.6 years), and a cost of debt of 11.98% EA (2021 6.96% EA).

The following sensitivity analyses have been determined based on the company's exposure to interest rates and inflation indices both for derivative and non-derivative instruments at the end of the reporting period.

*[p. 42]*

For liabilities at variable rates, the analysis is prepared assuming that the pending value of the liability at the end of the reporting period has been the pending liability throughout the year. According to the exposure of the company's debt to market rates, an increase of 100 bps (basic points) in the CPI would affect the cost of debt by COP 9 billion (2021 COP 9 billion), the same increase in the IBR would increase cost of debt by COP 4 billion (2021 COP 4 billion).

#### **5.2.4.6. Operations performed with related parties**

Information on related parties can be found in Note 38 to the Grupo Argos Separated Financial Statements and Note 41 to the Grupo Argos Consolidated Financial Statements.

**5.2.4.7. Registration, processing, and analysis of information required to submit the end-of-exercise to the RNVE**

- (i) Certification issued by the legal representative (see Annex 4)**
- (ii) Report by the Legal Representative on the review of internal control systems and control and revelation of financial reporting procedures, taken from the Annex on Legal and Corporate Governance Affairs to the 2022 Board of Directors' and CEO's Management Report (see Annex 5)**
- (iii) Certification by the Statutory Auditor on financial information reporting controls (see Annex 6)**

**5.3. Third part – Issuer's sustainability and responsible investment practices**

**5.3.1. Corporate Governance Analysis**

- (i) General description of compensation and incentives provided to members of the Board of Directors or another equivalent body, and to upper management, together with the governance structure that defines them**

**Board of Directors**

The Board of Directors' compensation scheme defined under the Board of Director's Appointment, Compensation, and Succession Policy, approved by the Shareholder Meeting, indicates that Directors will receive compensation for their services made up of the following elements: (i) a fixed fee for every session of the Board of Directors they attend, the value of which will be defined every year by the Shareholder Meeting; and (ii) a fixed fee per session attended of the Board of Directors' Support Committees, the value of which will be determined each year by the Shareholder Meeting.

Compensation for Directors considers the structure, obligations, responsibilities, and time dedicated to the Board of Directors and its Support Committees.

For the period between April 2022 and March 2023, a fee of COP 8,700,000 was defined for each session of the Board of Directors attended, and of COP 8,700,000 per Support Committee session attended.

**Upper Management**

In turn, compensation for Upper Management includes a fixed component and a short and long-term variable component, tied to the company's performance.

According to the Corporate Bylaws, the Board of Directors is responsible for defining the CEO's compensation and approve the compensation, succession, and evaluation policy for Upper Management. The CEO is responsible for defining collaborator attributes and salaries, according to the management structure.

**(ii) Composition and configuration of the Board of Directors and its support bodies**

**Composition of the Board of Directors and its Support Committees**

The Board of Directors is made up of seven principal members. On December 31, 2022 there were two (2) vacancies. The following indicates whether each member is independent or not, together with their term in office:

Name	Type of member	Start date	Term in office	Support committees
Rosario Córdoba	Independent member and Chair of the Board of Directors	March 23, 2011	5.43	Sustainability and Corporate Governance Committee (Chair) Audit, Finance, and Risk Committee Compensation Committee
Claudia Betancourt	Corporate member	April 16, 2018	2.74	Sustainability and Corporate Governance Committee
Ana Cristina Arango	Independent member	March 25, 2009	6.42	Audit, Finance, and Risk Committee Compensation Committee
Jorge Alberto Uribe	Independent member	March 25, 2015	3.75	Compensation Committee (Chair) Talent Committee (Chair)
Armando Montenegro	Independent member	March 25, 2015	3.75	Audit, Finance and Risk Committee (Chair)

[p. 44]

**Main functions of the Board of Directors**

The Grupo Argos Board of Directors focuses mainly on making decisions regarding corporate strategic objectives, overseeing the activities of Upper Management, identifying relevant risks, and monitoring their management, always in the best interests of the company and its shareholders.

The Board of Directors is responsible for guiding and supporting Upper Management with managing and monitoring the company's strategic plan and the competitive dynamics of its business.

The Board of Directors also makes sure that Grupo Empresarial Argos implements best practice in the areas of human talent and corporate governance.

**Internal Regulations of the Board of Directors**

The regulations for the Board of Directors can be found in Chapter III of the Good Governance Code, available on the website.<sup>1</sup>

<sup>1</sup> <https://files.grupoargos.com/uploads-grupo-argos/2022/08/grupo-argos-codigo-buen-gobierno-2022.pdf>



## **Board of Directors Support Committees**

- Audit, Finance, and Risk Committee
- Sustainability and Corporate Governance Committee
- Talent Committee
- Compensation Committee

## **Main functions**

### **➤ Audit, Finance, and Risk Committee:**

- Oversee the services of the Statutory Auditor.
- Verify that Upper Management considers the recommendations of the Statutory Auditor.
- Have knowledge of the end-of-exercise financial statements ruled on by the Statutory Auditor prior to their submission to the Board of Directors.
- Ensure the independence of the Internal Audit function, receive periodic reports on its activities, and make sure Upper Management considers its recommendations.
- Review and evaluate risk management and propose any improvements it may believe necessary, aiming to configure a risk profile that matches the company's strategic objectives.

### **➤ Sustainability and Corporate Governance Committee:**

- Make sure good corporate governance practices match the provisions of the Good Governance Code.
- Study proposals to reform the Corporate Bylaws and the Good Governance Code.
- Have knowledge of actions related to behaviors by Board Members that might run counter to the provisions of the Corporate Bylaws and the Good Governance Code.
- Know and oversee implementation of the company's Sustainability Policy.
- Oversee the efficiency of the regulatory compliance function and of money laundering and terrorist financing prevention activities.
- Oversee compliance with the requirements and procedures for Board Member elections.

### **➤ Talent Committee:**

Analyze, propose, and make sure the best practices regarding human talent are implemented at Grupo Empresarial Argos, including the following topics: (i) Human talent selection, attraction, and retention processes; (ii) promotion of diversity and inclusion; (iii) culture; (iv) employee development and performance monitoring; (v) mobility and mentoring within the corporate group, and, in general, all subjects and topics related to human talent in the organization.

➤ **Compensation Committee:**

- Know and study best practices related to talent compensation and recommend the guidelines to be observed by Grupo Empresarial Argos in this regard.
- Understand and analyze best practices for board compensation and propose, whenever appropriate, the Board of Directors Compensation Policy for approval by the Shareholder Meeting.
- Review the wage competitiveness of the organization's employees.
- Propose to the Board of Directors the compensation of the company's CEO and all other members of Upper Management.

[p. 45]

**(iii) Composition and operation of the issuer's upper management**

The Company's Upper Management is the responsibility of: (i) Jorge Mario Velásquez, CEO; (ii) Alejandro Piedrahita, Chief Strategy and Financial Officer; and (iii) Rafael Olivella, Chief of Corporate Affairs, who make up the Steering Committee.

Upper Management analyzes the performance of Grupo Argos and the evolution of its different businesses, evaluates new projects, and follows up ongoing projects. Additionally, it advises on decisions inherent to the parent company, or those that impact the parent company. In turn, each of its members leads the functions they are responsible for, as well as any associated topics with a Corporate Group scope.

The main functions of the CEO are: (i) Submit to the Shareholder Meeting, in partnership with the Board of Directors, and after the latter body has studied and approved it, a management report with the content required by the Law and the Bylaws, the separated and consolidated general purpose financial statements, and all other documents required by Law; (ii) submit a special report that will express the intensity of economic relations existing between the controlling entity or its affiliates or subsidiaries with the corresponding controlled corporation; (iii) if there exists an intent to increase the company's authorized capital or reduce its subscribed capital, draw up a report on the motives for the proposal and make it available to shareholders during the term of the call; (iv) appoint and remove employees, define their attributes and salaries according to the management structure, and ensure strict compliance with the duties inherent to those employees; and (v) make sure the corporation's funds are invested correctly and effectively, organize all things related to the benefits for the staff that serves the company, and ensure their timely payment, and, in general, direct and make sure that all tasks and activities required by the corporate purpose are fulfilled efficiently.

The main functions of the Chief Strategy and Financial Officer are: (i) design and manage the organization's strategy and growth to add economic value to the company; (ii) make sure that Grupo Argos's equity structure model makes available the resources required to fulfill the organization's corporate purpose and strategy; and (iii) assist with the definition of the financial strategies of Grupo Empresarial Argos's companies, to ensure coherence with the long term strategy and an appropriate risk and tax strategy.

The main functions of the Officer of Corporate Affairs are: (i) lead and develop policies related to the corporation and corporate governance, to make sure Grupo Argos and its affiliates are aligned with the strategy and adjusted to current regulations; (ii) lead and define the legal strategy to ensure business optimization, risk control, and legal management; and (iii) lead the process of controlling, auditing, and managing legal risks to ensure they are managed correctly.

**(iv) Information on the professional and experience of the issuer's directors and upper management**

**Board of Directors**

*[Image]*

**Rosario Córdoba**

**Education:**

- Economics, Universidad de Los Andes
- Master's in Economics, Universidad de los Andes

**Experience:**

- Risk
- Corporate finance
- Crisis management
- Sustainability
- Governance and Public Policy

**Professional history:**

- Independent consultant
- Previous position: Chair Consejo Privado de Competitividad

**Other Boards of Directors: 2**

- Fiduciaria Bogotá
- El Tiempo

*[Image]*

**Claudia Betancourt**

**Education:**

- Economics, Colegio Mayor de Nuestra Señora del Rosario

**Experience:**

- Risks
- Corporate finance
- Commercial affairs

- Materials industry
- Crisis management
- Sustainability

**Professional history:**

- CEO Amalfi S.A.
- Previous position: Chief Risk Officer, Corporación Financiera del Valle S.A.

**Other Boards of Directors: 4**

- Gases de Occidente S.A.
- Promigas S.A.
- Contecar S.A.
- Palmar de Altamira S.A.S.

*[p. 46]*

*[Image]*

**Salvajina Hydroelectric Plant**

Cauca

*[Image]*

**Ana Cristina Arango**

**Education:**

- Civil Engineering, Universidad Eafit
- MBA, Universidad de Los Andes

**Experience:**

- Corporate finance
- Materials industry
- Sustainability

**Professional history:**

- Director Inversiones El Yarumo S.A.S.
- Previous position: Financial Management Assistant Cementos Rioclaro S.A.

**Other Boards of Directors: 2**

- Distribuciones Agralba S.A.
- Productos del Caribe S.A.

*[Image]*

**Jorge Uribe**

**Education:**

- Engineering Administration, Universidad Nacional
- MBA, Xavier University

**Experience:**

- Risk
- Corporate finance
- Commercial affairs
- Sustainability
- International
- Talent

**Professional history:**

- Independent consultant
- Previous position: Global Director for Productivity and Organizational Transformation, P&G

**Other Boards of Directors: 3**

- Carvajal S.A.
- Ingredion Inc.
- General Mills Inc.

*[Image]*

**Armando Montenegro**

**Education:**

- Industrial Engineering, Universidad Javeriana
- Master's in Economics and Latin American Studies, University of Ohio
- Ph.D. in Economics, University of New York

**Experience:**

- Risks
- Internal control
- Corporate finance
- Crisis management
- Governance and Public Policy

**Professional history:**

- Chairman BTG Pactual S.A.
- Previous position: Managing Director Ágora Corporate Consultants
- Director of the National Planning Department
- CEO of ANIF

*[p. 47]*

## Upper Management

*[Image]*

**Jorge Mario Velásquez**

### **Education:**

Graduated as a Civil Engineer from Escuela de Ingeniería de Antioquia and studied a specialization with an emphasis on the Cement Industry in the UK. Participated in the Kellogg School of Management's CEO's Management Program and in Stanford University's Supply Chain Strategies program. He also graduated from the Upper Management program of the Universidad de Los Andes School of Governance.

### **Experience:**

He has held the position of Grupo Argos CEO since April 1, 2016. Before holding the position of Grupo Argos CEO, he had an outstanding career as the CEO of Cementos Argos, a leading company of the Cement business in Colombia, with a presence in 15 countries and currently the second concrete producer in the United States.

This business leader, who began his career in Argos as an intern in 1986, held different positions in Cementos Argos in the past, including Chief Logistics Officer at Argos, General Manager of Cementos del Nare, CEO of Cementos Paz del Río, and Vice-President of the Caribbean Regional Office, responsible for Cementos Argos's operations in Panama, Haiti, Dominican Republic, Suriname and island territories, as well as the company's international trade.

### **Participation on Boards of Directors:**

He is currently a principal member of the boards of directors of Cementos Argos, Celsia, Odinsa, Fundación Grupo Argos, Asociación Nacional de Empresarios – ANDI, Proantioquia, and the Board of Governors of Universidad EIA.

*[Image]*

**Alejandro Piedrahita**

### **Education:**

Graduated from Business Management at Universidad EAFIT. Studied an M.Sc. in Economic Development at London School of Economics and a Corporate Upper Management Program at Universidad de La Sabana. He also participated in the Harvard Business School's General Management Program.

### **Experience:**

Over 20 years of experience in investment banking project structuring and management in the areas of equity markets, corporate finance, financing (syndicated loans and project finance), mergers, acquisitions, and derivatives.

He has held the position of Chief Strategy and Corporate Finance Officer at Grupo Argos. Prior to this position he worked as Vice-President for Structuring Equity Markets at Banca de Inversión Bancolombia S.A. since 2008. Prior to that, he held the position of Derivative Products Structuring Manager at Bancolombia S.A., and he also worked as Director of Economic Research at Corfinsura S.A. and as Director for Special Projects at Susalud S.A.

He has been involved in academia and has worked as an undergraduate and graduate lecturer at several universities including EAFIT, EIA, Universidad Nacional, Universidad Javeriana, and Universidad de Medellin.

**Participation on Boards of Directors:**

He is currently a principal member of the boards of directors of: Cementos Argos, Celsia, Odinsa, Pactia investment committee and Aceros MAPA S.A., Corporación Surgir, a member of Iluma (Premex S.A.S) and the Board of Governors of Universidad EIA.

*[p. 48]*

**Rafael Olivella**

**Education:**

Received a degree in Law from Universidad Pontificia Bolivariana, a specialization in Commercial Law from Universidad de los Andes, and has studied executive education programs at different universities around the world.

**Experience:**

In 2006 and 2007 he worked as a lawyer for Cementos Argos. In 2008, he joined Colinversiones S.A. (now Celsia) as Corporate Legal Counsel and General Secretary. He then held the position of Chief Legal Officer at Celsia from 2012 to 2017, when he moved to the Vice-Presidency of Legal and Institutional Affairs at Cementos Argos, until 2019. He is currently the Chief of Corporate Affairs at Grupo Argos.

**Participation on Boards of Directors:**

Currently a member of the boards of directors of ANDI Seccional Antioquia, Cementos Argos, Celsia, and Odinsa.

**(v) Information on independence criteria**

The independence criteria adopted by the company for appointing Directors can be found in the Code of Good Governance, Chapter III, item 4, paragraph f.

See the Grupo Argos Code of Good Governance at the following link:

<https://files.grupoargos.com/uploads-grupo-argos/2022/08/grupo-argos-codigo-buen-gobierno-2022.pdf>

[Image]

**Cementos Argos Cartagena Plant**  
Bolívar

[p. 49]

**(vi) Quorum and attendance to meetings of the board of directors and support committees for the corresponding exercise.**

Board member name	Support committee they belong to	Board meeting attendance	Support committee meeting attendance
Rosario Córdoba	Sustainability and Corporate Governance Committee (Chair) Audit, Finance, and Risk Committee Compensation Committee	100%	100%
Claudia Betancourt	Sustainability and Corporate Governance Committee	100%	100%
Ana Cristina Arango	Audit, Finance and Risk Committee Compensation Committee	100%	100%
Jorge Alberto Uribe	Compensation Committee (Chair) Talent Committee (Chair)	100%	100%
Armando Montenegro	Audit, Finance, and Risk Committee (Chair)	100%	100%

The Code of Good Governance was reformed on April 27, 2022, and a highlight of the changes made was the reorganization of the Board support committees. The Appointments and Compensation Committee was suppressed, and its functions were shared between the Sustainability and Corporate Governance Committee (two sessions), the Compensation Committee (three sessions), and the Talent Committee (no sessions due to lack of quorum – resignation of two Members of Board of Directors-). Prior to this modification, two sessions of the Appointments and Compensation Committee had been held, covering topics related to talent and employee compensation.

**(vii) Description of evaluation processes applied to the Board of Directors, its support committees, and Upper Management**

**Board of Directors**

The Board of Directors is evaluated annually, by recommendation of the Sustainability and Corporate Governance Committee. These evaluations are held according to best corporate



governance practices and allow the Board of Directors to monitor its operations and maintain its performance. An evaluation of the Board of Directors as a collegiate body, its support committees, and its individual members was performed with a cutoff date on December 31, 2022.

### **Upper Management**

The CEO is evaluated by the Board of Directors according to best corporate governance practices. This evaluation is performed using a form that includes quantitative and qualitative information, allowing the Board to follow up on his management and obtain feedback. The Board of Directors evaluated the Company CEO with a cutoff date on December 31, 2022. The CEO evaluates the rest of the Upper Management annually using a performance management form developed by the Talent department.

*[p. 50]*

### **(viii) Description of mechanisms implemented by the issuer to manage and identify conflicts of interest**

#### **Management of conflicts of interest of Board members and Upper Management**

The Grupo Argos Code of Business Conduct defines parameters for the identification, disclosure, and prevention of potential conflicts of interest. Upon identifying a conflict of interest or a situation that could eventually lead to a conflict of interest, the company's Directors and employees must make timely and adequate disclosure, describe the situation completely and in detail, document the event, and provide any and all information required to make the corresponding decision according to legally established procedures.

For the purpose of disclosing conflicts of interest, the company requires that all its employees fill out an annual Declaration of Potential Sources of Conflicts of Interest.

Conflicts of interest shall be resolved by strict application of the following principles: When the interests of Grupo Argos and those of its shareholders, administrators or a third party related to the company are in conflict, the interests of Grupo Argos shall always prevail; when the interests of the shareholders and those of its administrators or a third party related to the company are in conflict, the interests of the shareholders shall always prevail.

### **(ix) Description of mechanisms for performing operations with related parties**

Grupo Empresarial Argos has a policy for operations between related companies that defines the criteria and the general framework applicable to operations entered into between two or more corporations in different businesses, with integrity as the main principle for action.

### **(x) Fees agreed with the statutory auditor or external auditor for statutory audits, audits, and other services**

In March 2022, the Shareholder Meeting elected KPMG S.A.S. as Statutory Auditor for the period between April 2022 and March 2023 with an assignment of \$189,378,000 plus VAT payable in four quarterly installments.

**(xi) Operation of the Internal Control System**

Grupo Argos has an internal control system to ensure the adequate preparation, presentation, and disclosure of financial information to its shareholders, the market, and the general public. This internal control system is structured according to international methodological frameworks like COSO and COBIT, local regulatory provisions, and quality standards related to internal control and risk management practices. The fundamental purpose of this system is to unify the control culture and ensure the efficiency and effectiveness of all the company's and its subsidiaries' operations.

To this end, this structure includes management, the Risk area, the Compliance area, Internal Audit, the Statutory Auditor, and the Board of Directors, through its Audit, Finance and Risk Committee, who participate in the management of the Internal Control System according to their roles and responsibilities, subject to the Code of Good Corporate Governance, the Company's Bylaws, policies and other company procedures.

Internal Audit prepares a work plan that considers business risks and processes and submits it to the Audit, Finance and Risk Committee for approval and follow-up throughout the year.

*[p. 51]*

**(xii) Description of the governance structure to ensure equitable treatment for investors and promote their participation**

According to the Code of Good Governance, the policies, mechanisms and procedures implemented to ensure equitable treatment for shareholders and promote their participation are contained in the following rules:

- a) The Board of Director aims to grant equal treatment to all shareholders that have the same conditions within a class of shares and, therefore, is responsible for making sure the following guidelines are met:
  - The decisions adopted by Grupo Argos must aim to respect, protect, and promote all shareholders and investors.
  - All shareholders or investors must be treated fairly and under conditions of equality.
  - Shareholders and investors must receive timely and complete answers to any questions submitted regarding issues of mandatory dissemination, or the dissemination of which is not forbidden under any legal or contractual confidentiality restrictions.
  - Company dividends and returns must be paid in full and in a timely manner, among others, according to what has been agreed or ordered by the pertinent corporate body.
  
- b) Grupo Argos employees and executives will refrain from:

- Encouraging, promoting, or suggesting to shareholders that they grant powers where the name of the representative for meetings has not been clearly defined.
  - Receive special powers of attorney from shareholders prior to calls to meetings.
  - Admit proxies issued by shareholders without all legal requirements; in other words, proxies must be issued in writing, indicating the name of the proxy, the person they can substitute, if applicable, and the date or period of the meeting. Corporations that grant proxies must accompany these with a recent certificate of incumbency and good standing as required by law.
  - Suggest or define the name of persons to act as proxies during sessions of the Shareholders' Meeting.
  - Recommend that shareholders vote for a given list of Board members.
  - Suggest, coordinate, or agree with any shareholder or shareholder representative, submission of proposals to the Meeting for its consideration.
  - Suggest, coordinate, or agree with any shareholder or any shareholder representative, to vote for or against any proposal submitted to the Meeting.
  - These behaviors are also forbidden when performed via a third party.
  - According to the Corporate Bylaws, Grupo Argos administrators and employees may not represent third party shares at sessions of the Shareholders' Meeting, nor substitute any proxies granted to them. Neither may they vote, even with their own shares, on decisions intending to approve end-of-exercise or winding-up balance sheets and accounts.
  - In any event, Grupo Argos administrators or employees may exercise the political rights inherent to their own shares and to those they represent whenever they act in the capacity of legal representatives. Administrators who are also Grupo Argos shareholders, and who decide to represent their shares at a session of the Shareholders' Meeting, or to grant a proxy to a third party to act on their behalf, must expressly report their condition, upon requesting their credential or in the corresponding proxy, so their vote will not be considered when approving the financial statements.
- c) The company discloses financial and non-financial information on its website, including the rights and obligations inherent to shareholders or investors, as well as the classes of shares and securities issued, and the number of shares and securities issued and reserved.

#### **Channels for accessing information**

- Website: [www.grupoargos.com](http://www.grupoargos.com)
- Shareholder Attention Center managed by Fiduciaria Bancolombia S.A., telephone numbers: + (60 4) 404 2371, + (60 4) 404 2361, + (60 4) 404 2453, + (60 4) 404 2451, + (60 4) 404 2452.
- Investor Relations Office, e-mail [Invgrupoargos@grupoargos.com](mailto:Invgrupoargos@grupoargos.com)
- Financial Superintendent's Website via which relevant information is disclosed to the market: [www.superfinanciera.gov.co](http://www.superfinanciera.gov.co)
- Social networks: Instagram, LinkedIn, Twitter, and YouTube.

### **Mechanisms for solving requests for information and communications:**

The company has the following mechanisms to ensure proper attention for information and communication requests between investors, the issuer, and its administrators:

- Investor Relations and CEO Affairs Office: Reports directly to the CEO and its main function is to maintain fluid and ongoing communications with all investors. This office also attends broker firms and pension and investment funds interested in information on the company.
- Shareholder Attention Center: Managed by Fiduciaria Bancolombia which, by virtue of an agreement entered into over 10 years ago, is responsible for attending to requirements and consultations formulated by shareholders and assisting with their requirements related to off-market operations, certificates, dividend payments, among others.
- Quarterly conference call: Provides details on the company's financial results and allows shareholders to interact directly with the company's CEO and Upper Management.

*[Image]*

**Cementos Argos Martinsburg Plant**

United States

#### **5.3.1.1.1. Practices, policies, processes, and indicators related to environmental and social criteria**

Considering the provisions of the third instruction under External Circular Letter 031/2021, and the implementation filed with the Financial Superintendent on February 9, 2023, this chapter will be included in the 2024 Periodic End-of-Exercise Report.

#### **Annexes**

**Annex 1:** List of trademarks, copyrights, and patents

**Annex 2:** Separated Financial Statements as of December 31, 2022 ruled on by the Statutory Auditor and certified by the Legal Representative

**Annex 3:** Consolidated Financial Statements as of December 31, 2022 ruled on by the Statutory Auditor and certified by the Legal Representative

**Annex 4:** Certificate of the Legal Representative

**Annex 5:** Report from the Legal Representative on the evaluation of internal control systems and procedures and the disclosure of financial information, extracted from the Annex on Legal and Corporate Governance Affairs of the 2022 Board of Directors and CEO Management Report

**Annex 6:** Statutory Auditor Certification on financial reporting controls