



Cementos Argos S.A.
Quarterly Periodic Report

1. Basic identification of the issuer

Business name: Cementos Argos S. A.
 Primary residence: Barranquilla
 Main residence address: Carrera 53 #106-280, piso 17 Centro Empresarial Buenavista

Description of current securities issues

Class of security	Trading system	Stock exchanges in which the securities are listed	Issue amount	Amount placed	Pending balance to be placed
Common stock	stock exchange	Bolsa de Valores de Colombia	The authorized capital is made up of 1,500,000,000 shares with a par value of \$416 each. The subscribed and paid-in capital is made up of 1,234,054,317 common shares and 209,197,850 preferred shares. Own shares repurchased are 63,575,575 as of December 31, 2022. Shares outstanding are 1,379,676,592, corresponding to 1,170,478,742 common shares and 209,197,850 preferred shares.		
	stock exchange	Bolsa de Santiago			
	OTC market	NYSE - ADR level 1			
Preferred stock	stock exchange	Bolsa de Valores de Colombia			
	OTC market	NYSE - ADR level 144 ^a and ADR level Reg S			
Bonds and/or commercial papers	MEC y mercado mostrador	Bolsa de Valores de Colombia	3,000,000,000,000	3,000,000,000,000	0
			2,000,000,000,000	750,000,000,000	1,250,000,000,000

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3. Glossary

Material Information: Information is material if its omission, misrepresentation, or concealment could reasonably be expected to influence the decisions that primary users of general-purpose financial statements make based on the financial statements that provide financial information about a specific reporting entity.

Other comprehensive income: Includes items of income and expenses (including reclassification adjustments) that are not recognized in profit or loss for the period as required or permitted by other IFRS.

Interim financial information: All financial information that contains either a complete set of financial statements, or a set of condensed financial statements, for an interim period, each accounting period being less than a full annual period.

Consolidated financial statements: are the financial statements of a group in which the assets, liabilities, equity, income, expenses, and cash flows of the parent company and its subsidiaries are presented as if it were a single economic entity.

Separate financial statements: are those presented by Cementos Argos S.A. in which investments in subsidiaries, joint ventures and associates are accounted for, using the equity method.

Equity method: It is an accounting method according to which the investment is initially recorded at cost and is subsequently adjusted for post-acquisition changes in the investor's share of the net assets of the investee. The investor's net income also includes its share in the investee's net income, and the investor's other comprehensive income also includes its share in the investee's other comprehensive income.

Non-controlling interest: The equity of a subsidiary not attributable, directly, or indirectly, to the parent.

Controller: An entity that controls one or more entities.

4. Financial statement

a. quarterly financial statements

The condensed consolidated and separate interim financial statements of Cementos Argos S.A. as of March 31, 2023, they are found as annex 1 and annex 2 of this report.

b. Material changes recorded in the financial statements.

In order to comply with the provisions of External Circular 012 of 2022 of the Superintendency, it is indicated that between March 31, 2023 and the date of transmission of this information, there have been no material changes in the consolidated financial statements and separated from Cementos Argos S.A. cut to March 31, 2023.

c. Material changes in the financial situation of the issuer

Cementos Argos S.A. and subsidiaries

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Periods ended March 31 and December 31 | million Colombian pesos.

	2023	2022	Variation
Asset			
Current asset	\$ 4.699.720	\$ 4.642.833	1,2
Non-current asset	\$ 18.042.054	\$ 18.623.099	(3,1)
TOTAL ASSETS	\$ 22.741.774	\$ 23.265.932	(2,3)
LIABILITIES			
Current liabilities	\$ 4.059.323	\$ 3.923.142	3,5
Non-current liabilities	\$ 7.197.014	\$ 7.273.636	(1,1)
TOTAL LIABILITIES	\$ 11.256.337	\$ 11.196.778	0,5
EQUITY	\$ 11.485.437	\$ 12.069.154	(4,8)
TOTAL LIABILITIES AND EQUITY	\$ 22.741.774	\$ 23.265.932	(2,3)

At the end of the first quarter of the current year, there have been no significant variations that have had a material and/or unexpected impact on the financial situation of Cementos Argos S.A.

General analysis of the financial situation - In current assets, accounts receivable has increased mainly in the United States region, in accordance with the growth of the business in this country. In non-current assets, property, plant, and equipment presents a decrease due to the translation effect, considering that most of the assets are expressed in dollars. In liabilities, there is an increase in financial obligations due, in part, to the growth of the business, and to the strengthening of cash via short-term investments, with a view to debt maturities in 2023 and the reduction of refinancing risk.

Cementos Argos S.A.

SEPARATED STATEMENT OF FINANCIAL POSITION

Periods ended March 31 and December 31 | million Colombian pesos.

	2023	2022	Variation
Asset			
Current asset	\$ 1.739.729	\$ 1.754.468	(0,8)
Non-current asset	\$ 15.457.804	\$ 15.691.911	(1,5)

TOTAL ASSETS	\$ 17.197.533	\$ 17.446.379	(1,4)
LIABILITIES			
Current liabilities	\$ 2.772.897	\$ 2.573.991	7,7
Non-current liabilities	\$ 3.583.338	\$ 3.572.299	0,3
TOTAL LIABILITIES	\$ 6.356.235	\$ 6.146.290	3,4
EQUITY	\$ 10.841.298	\$ 11.300.089	(4,1)
TOTAL LIABILITIES AND EQUITY	\$ 17.197.533	\$ 17.446.379	(1,4)

At the end of the first quarter of the current year, there have been no significant variations that have had a material and/or unexpected impact on the financial situation of Cementos Argos S.A.

For a better understanding of the financial information disclosed by the company, the consolidated and separate financial statements must be analyzed together, including their respective annexes and solvency, profitability, liquidity and indebtedness ratios, which are detailed in the financial statements and notes transmitted to the Financial Superintendence of Colombia.

The separate financial statements of Cementos Argos S.A. reflect a trend like the one reported in the information of the Colombian segment both in the consolidated financial statement and in the complementary analyzes published to the public stock market and reported to the Financial Superintendence of Colombia. Likewise, it is highlighted that the separate financial statements include the corporate expenses of the operation that supports the different geographies. In this sense, and to have an adequate understanding of the information that reflects the solvency, profitability, liquidity, and indebtedness of the company, it is suggested to analyze the consolidated financial statements taken as a whole.

General analysis of the financial situation - In current assets, cash and cash equivalents increased due to a strategy to strengthen the company's cash flow in the face of higher levels of uncertainty and interest rates; Accounts receivable showed a decrease due to the fact that dividends receivable were actually paid; on the other hand, commercial accounts receivable increased according to the growth of the business, tax assets increased due to a favorable balance in the tax settlement of income and withholdings at source that were applied to us abroad. In non-current assets, investments in subsidiaries showed a decrease, due to updating the equity method according to the net results of the subsidiaries. In liabilities, there is an increase in financial obligations due, in part, to the growth of the business, and also to the strengthening of cash via short-term investments, with a view to debt maturities in 2023 and the reduction of refinancing risk. What are we looking for. In equity, the constitution of own reserves plus investee reserves is presented and in Other Comprehensive Result there is a decrease due to the effect of updating the equity participation method in investments, mainly in the effect in conversion.

d. **Material variations in the issuer's results of operations**

Cementos Argos S.A. y subsidiarias

CONSOLIDATED INCOME STATEMENT

Periods ended March 31 and December 31 | million Colombian pesos.

	Quarter (1Q)		
	2023	2022	Variation
Revenue	\$ 3.381.707	\$ 2.577.281	31,2
COGS	(2.728.659)	(2.213.276)	23,3
Gross profit	\$ 653.048	\$ 364.005	79,4
SG&A	(318.374)	(252.445)	26,0
Other operating income, net	(9.008)	101.259	(108,9)
Operating profit	\$ 325.666	\$ 212.819	53,0
Financial expenses, net	(176.013)	(109.578)	60,6
Gain (loss) from exchange difference, net	(14.939)	(5.009)	198,2
Net participation in the result of investees	(2.356)	(27)	8625,9
Profit before income tax	\$ 132.358	\$ 98.205	34,8
Income tax	(37.533)	(60.179)	(37,6)
Net profit for the period	\$ 94.825	\$ 38.026	149,4
Profit for the period attributable to:			
Controlling interest	78.426	21.822	259,4
Non-controlling interest	16.399	16.204	1,2
Net profit for the period	\$ 94.825	\$ 38.026	149,4

At the end of the first quarter of the current year, there have been no significant variations that have had a material and/or unexpected impact on the results of Cementos Argos S.A.

General analysis of the results - Operating income had an increase based on adequately favorable price dynamics, mainly in Colombia and in the United States region, costs increased in a lower proportion than sales due to the continuation of cost control initiatives and efficiencies in the processes, generating an expansion of the margin.

In terms of volumes, total cement shipments reached 3.9 million tons, remaining stable compared to last year with a slight contraction of 0.6%, mainly caused by the effects in Haiti, given the difficult political and social situation, as well as the minor volumes registered in the Trading segment. Ready-mix volumes were 1.7 million m3, decreasing 2.3% in like-for-like terms versus 2022, mainly due to weather conditions in the United States and the loss of market in Colombia during January, as a result of price increases.

Regarding other operating income, in March 2022 Argos USA LLC - a subsidiary of Cementos Argos S.A. - sold twenty-three concrete plants, including equipment, buildings, land, and inventory to Smyrna Ready Mix Concrete, LLC. for USD 94 million. The sale price of the assets, less the book value of the delivered assets, generated an accounting profit for disposition of businesses of USD 21.9 million, and an increase in the current tax expense of USD 1.5 million and deferred tax in USD 13 million, presented in the lines of other income and income tax of the consolidated income statement. The figures in pesos are updated by the moving average exchange rates established in each cutoff.

Financial spending increased due to higher borrowing costs in the capital market and in the banking system, due to the increase in bank deposit rates due to the implementation of Basel III; Also, the increase in the IBR (more than 800 basis points for the overnight reference), the IPC (more than 480 basis points for the 12-month reference) and the SOFR (more than 400 basis points for the overnight reference), had impacts given that part of the debt is indexed to these variables. To face this type of situation, hedges have been made to reduce the portion of the debt exposed to such

factors; currently, fixed-rate debt (including hedges) represents 37% of the total (without hedges, it would be 14%).

The controlling interests vary in consideration of the net results presented in the subsidiaries by the percentage of participation of the parent company Cementos Argos S.A.

Cementos Argos S.A.

ESTADO DE RESULTADOS SEPARADO

Por el período de tres meses terminados al 31 de marzo del 2023 y 2022 | Millones de pesos colombianos

	2023	2022	Variación
Revenue	\$ 473.381	\$ 417.939	13,3
COGS	(345.573)	(338.496)	2,1
Gross profit	\$ 127.808	\$ 79.443	60,9
SG&A	(88.420)	(86.965)	1,7
Other operating income, net	(4.598)	12.676	(136,3)
Operating profit	\$ 34.790	\$ 5.154	575
Financial expenses, net	59.905	23.976	149,9
Gain (loss) from exchange difference, net	(190.375)	(103.404)	84,1
Net participation in the result of investees	(6.844)	1.001	(783,7)
Profit before income tax	155.281	72.107	115,3
Income tax	\$ 52.757	\$ (1.166)	(4.624,6)
Net profit for the period	25.651	22.972	11,7
Revenue	\$ 78.408	\$ 21.806	259,6

At the end of the first quarter of the current year, there have been no significant variations that have had a material and/or unexpected impact on the results of Cementos Argos S.A.

For a better understanding of the financial information disclosed by the Company, the consolidated and separate financial statements must be analyzed together, including their respective annexes and solvency, profitability, liquidity and indebtedness ratios, which are detailed in the respective primer transmitted to the Financial Superintendency of Colombia.

The separate financial statements of Cementos Argos S.A. reflect a trend similar to that reported in the information of the Colombian segment both in the consolidated financial statement and in the complementary analyzes published to the public stock market and reported to the Financial Superintendence of Colombia. Likewise, it is highlighted that the separate financial statements include the corporate expenses of the operation that supports the different geographies. In this sense, and to have a proper understanding of the information that reflects the solvency, profitability, liquidity, and indebtedness of the Company, it is suggested to analyze the consolidated financial statements taken as a whole.

General analysis of results - In a challenging environment, revenues reached 473,000 million pesos, 13% higher than in the same quarter of 2022.

We highlight a good operating result for the first quarter of 2023, due to adequate control of costs and expenses by the Company, also thanks to the relevant work of the commercial teams to maintain sales levels in line with market conditions.

Financial income is mainly given by dividends received from investments in equity instruments.

Financial spending increased due to higher borrowing costs in the capital market and in the banking system, due to the increase in bank deposit rates due to the implementation of Basel III; Also, the increase in the IBR (more than 800 basis points for the overnight reference), the IPC (more than 480 basis points for the 12-month reference) and the SOFR (more than 400 basis points for the overnight reference), had impacts given that part of the debt is indexed to these variables. To face this type of situation, hedges have been made to reduce the portion of the debt exposed to such factors; currently, fixed-rate debt (including hedges) represents 37% of the total (without hedges, it would be 14%).

The net participation in the result of investments had an increase due to the updating of the equity participation method of investments in subsidiaries, associates and joint ventures, according to their net result.

e. Market risk analysis

As of March 31, 2023, there have been no material changes regarding the market risk analysis revealed in the Integrated Report, which contains the company's year-end information.

For the United States operation, during the first quarter of the year, interest rate hedges were made for US\$ 200 million, with terms between 1 and 3 years, and with instruments such as swaps and options. In this way, of 100% of the exposure to SOFR, 41% is covered.

It should be noted that, at a consolidated level, the company reduced its exposure to market risk factors such as the IBR, the CPI and the SOFR. Without hedges, the debt registers an exposure of 86% to such factors; however, with the hedges executed, said percentage was reduced to 63%. To the extent that market conditions allow it, the percentage of debt held at a fixed rate will continue to increase (today at 37%).

f. Material variations that have occurred in the risks to which the company is exposed, other than market risk

At the end of the first quarter of the current year, there have been no significant variations in the exposure or level of the company's strategic risks, in relation to the metrics of possibility or probability of occurrence and their impacts or consequences if they were to manifest themselves adversely. It is important to note that the risks reported in the Integrated Report that contains the end-of-year information in the terms required in External Circular 012 of 2022, are still valid in accordance with the business plans and strategic objectives of the company.

Similarly, the strategic risks reported in the report have action plans for their reduction and mitigation, which allow good management of the residual exposure of said risks within the company's appetite scale.

In Cementos Argos S.A. all signs and trends in the local and global environment that may adversely affect operations and businesses are permanently reviewed, under the particular context of each operation, in order to escalate in a timely manner within the company and take appropriate action. appropriate mitigation measures. At the end of the first quarter there are no new material risks identified.

5. Corporate governance

In terms of corporate governance, the following stand out as relevant aspects registered in the reporting period:

- The Board of Directors approved in February an update of the company's Good Governance Code to accommodate the amendments made to the Bylaws in 2022, adopt a diversity policy for the Board of Directors and increase the retirement age of directors to 75 years.
- Likewise, the company's Shareholders' Meeting approved a modification to the Appointment, Remuneration and Succession policy of the Board of Directors in order to update its terms accepting the current term of the Board of Directors in accordance with the provisions of the current Bylaws. , include a diversity policy for the Board of Directors, and align the retirement policy for members of the Board of Directors with international standards on corporate governance. The policy can be consulted here.
- The Shareholders' Meeting at its regular meeting held on March 24, appointed Carolina Soto Losada as a new independent member of the Board of Directors, replacing Esteban Piedrahita who had held that position since 2012.
- The Board of Directors for the statutory period between April 2023 and March 2024 was made up as follows:
 - Jorge Mario Velasquez (President of the Board of Directors and patrimonial member)
 - Alejandro Piedrahita (equity member)
 - Rafael Olivella (equity member)
 - Carlos Gustavo Arrieta (independent member)
 - Cecilia Rodríguez (independent member)
 - Carolina Soto (independent member)
 - León Teicher (independent member)
- At the ordinary meeting of the Shareholders' Assembly, the decisions made by the legal representatives of Cementos Argos S.A., directly or through proxies, at the ordinary and extraordinary meetings of the shareholders' assembly of Grupo Sura S.A. were ratified. carried out in the period between December 2021 and November 2022.
- On March 31, an extraordinary meeting of the Shareholders' Meeting was held with the purpose of granting authorization regarding potential conflicts of interest of the legal representatives of Cementos Argos S.A. to vote on any decision that is submitted for consideration by the Shareholders' Meeting of Grupo Sura S.A., to guarantee the exercise of the political rights of Cementos Argos S.A.