which an entity operates) for all the companies with domicile in the Argentina and this is also the currency of presentation of the consolidated financial statements.

For purposes of presentation of our consolidated financial statements, the assets and liabilities from our foreign operations are translated to *pesos* at foreign exchange rates prevailing at the end of the reporting period and their statement of profit or loss and other comprehensive income are translated at the average foreign exchange rate for each month, unless the corresponding foreign exchange rate has fluctuated significantly during the month, in which case, the exchange prevailing on the date of the transaction is used.

Transactions in foreign currencies are initially recorded at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Foreign exchange gains / (losses) from monetary items are recognized in profit and loss for the year, restated at year-end currency, except for those arising from borrowings denominated in foreign currency to financing qualifying assets, such as assets under construction for future productive use, which were included in the cost of such assets for being considered as an adjustment to the cost of interest accrued on such foreign currency denominated borrowings.

Borrowing costs

Borrowing costs, net of the effect of inflation directly attributed to the acquisition, construction or production of qualifying assets, which are assets that take a substantial period of time to get ready for their intended use or sale, are capitalized as part of the cost of the asset until the assets are ready for use or sale.

Income earned on short-term investments of specific outstanding borrowings to finance the construction of qualifying assets is deducted from the borrowing costs that may qualify for capitalization.

All the other borrowing costs are recognized in profit or loss when incurred, net of the effect of the inflation on the liabilities that generated them.

Taxation

Argentina

Income tax

We assess the income tax charge to be booked in accordance with the deferred tax method, which considers the effect of timing differences originating in the different basis for measuring assets and liabilities according to accounting and tax criteria and of the existing net losses and unused tax credits susceptible of deduction of future taxable income computed by considering the tax rate in force. Law No. 27,630, which was enacted on June 16, 2021, introduced amendments to the corporate tax rate by setting a staggered structure of applicable rates based on the level of accumulated net taxable income for each company, which may be 25%, 30% or 35%; the 7% tax on the distribution of dividends, however, has remained unchanged.

The main accounting impact of the new regulations is the measurement of deferred income tax assets and liabilities, since these have to be recognized by applying the tax rate that will apply to the company on the dates on which the differences between the carrying amounts and tax bases will be reversed or used. For this purpose, the Group has considered its tax projections to establish the tax rate that it estimates will apply in every year, in order to determine the value of temporary items and tax losses based on the estimated period of reversal and use.

Current taxes

Current tax payable is based on the taxable profit for the fiscal year. Taxable profit differs from profit before tax as reported in the consolidated statement of profit and loss and other comprehensive income because of items of income, or expenses that are taxable or deductible in other years and items that will never be taxable or deductible. Our liability for current tax is calculated using the tax rates that have been substantially enacted at the end of the reporting period.

Deferred tax

Deferred tax is recognized on temporary differences between the carrying amount of the assets and liabilities included in the consolidated financial statements and the corresponding amount used in the computation of taxable profit. Deferred tax liabilities are generally recognized, for all the taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences that can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill.

The carrying amounts of deferred tax assets are reviewed at the end of each fiscal year and derecognized to the extent it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the fiscal year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantially enacted at the end of the reporting period. Measurement of deferred tax liabilities and deferred tax assets at the end of fiscal year being reported reflects the tax consequences that would stem from the manner in which the entity expects to recover or settle the carrying amount of its assets and liabilities.

We offset deferred tax assets and deferred tax liabilities if and only if a) it has legally enforceable right to set off current taxes and current liabilities and b) the deferred tax assets and liabilities relate to income taxes levied by the same tax authority on either the same taxable entity or different taxable entities and we intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where we are able to control the reversal of the temporary difference and it is probable that temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are recognized only to the extent it is probable that there will be sufficient taxable profit to use the benefits of temporary differences and they are expected to reverse in a foreseeable future period.

Current and deferred taxes

Current and deferred taxes are recognized in the statement of profit and loss and other comprehensive income. Current and deferred taxes are recognized in the profit and loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively. When current tax or deferred taxes arise from a business combination, the tax effect is included in the accounting for the business combination.

Personal asset tax—Substitute responsible

Argentine resident individuals and non-Argentine resident individuals and entities, are subject to a personal asset tax at a rate of 0.50% over of the equity value of any shares or the American Depositary Shares issued by Argentine entities, held as of December 31 of each year. The tax is on the Argentine issuers of said shares, who must pay for this tax on behalf of the relevant shareholders.

In accordance with the Personal Asset Tax Law, we are entitled to obtain a reimbursement of the tax paid from the shareholders levied with the above-mentioned tax through the reimbursement mechanism that the we deem advisable.

Property, plant and equipment

Property, plant and equipment held for use in the production or supply of goods and services, including capitalized stripping and initial preparation of open-pit quarries costs and the contra account of environmental restoration obligations, or for administrative purposes are recorded at cost restate in constant currency at the end of the reporting period, less depreciation and any accumulated impairment loss.

Construction in progress for administrative, production, supply or other purposes are carried at cost restated in constant currency at the end of the reporting period, minus any impairment loss already recognized. Cost includes professional fees and borrowing costs related to qualifying assets, capitalized in accordance with our accounting policies. Depreciation on assets under construction only commences when such assets are ready for their intended use, as in the case of other assets.

Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

The lands owned by the Group are not subject to depreciation.

Property, plant and equipment are depreciated, except for land and assets under construction, over their estimated useful lives using the straight-line method. The estimated useful life, the residual value and the depreciation method are reviewed at the end of each fiscal year, with the effect of any changes in estimates being accounted for on a prospective basis.

Right of use assets are depreciated on a straight-line basis over the shorter of the lease term or and the estimated useful life of the assets.

Land is not subject to depreciation.

Gain or loss from the disposal or write-off of an item of property, plant and equipment is determined as the difference between the net disposal proceeds and the carrying amount of the asset and it is recognized in profit and loss.

The Group assesses the recoverability of the value of its property, plant and equipment items whenever any indication of impairment is identified. The assessments are carried out considering the cash-generating units established by the Group.

Impairment of tangible and intangible assets

At the end of the reporting period, we review the carrying amounts of our tangible and intangible assets in order to assess if there is any indication that an asset might be impaired.

If any indication exists, we estimate the asset’s or CGU´s recoverable amount. An asset’s recoverable amount is the higher of an assets or CGU’s fair value less cost of disposal and its value in use. In assessing value in use, the estimated future cash flows are discounted using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks that are specific to the asset.

When the carrying amount of an asset or CGU´s exceeds its recoverable amount, the asset or CGU´s if considered impaired and it is written down to its recoverable amount. Impairment losses are immediately recognized in profit or loss.

A previously recognized impairment loss is reversed, only if there has been a change in the assumptions used to determine the asset’s or of the CGU’s recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset or CGU´s does not exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset or CGU in prior years. Impairment loss reversals are immediately recognized in profit loss.

Inventories

Inventories are stated at the lower of cost restated in constant currency at the end of period and net realizable value. Costs incurred in bringing products to their present condition are accounted for as follows:

- Raw materials and spare parts: at acquisition cost according to the weighted average price method. Cost is calculated for each of our plants.
- Finished goods and work in progress: at acquisition cost of raw materials and labor plus a proportion of manufacturing overheads based on normal operating capacity, but excluding borrowing costs.

The net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. In assessing recoverable amounts of inventories, slow-moving inventories are also considered. The carrying amount of inventories as of the fiscal year-end does not exceed their recoverable value.

Provisions

We recognize provisions when we have a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Estimated amounts of the obligation are based on the expected outflows that will be required to settle such obligation. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability.

When we expect some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset (a receivable), but only when the reimbursement is virtually certain and the amount of the receivable can be reliably measured.

We use the opinion of our legal advisers to determine if a provision should be recorded as well as to estimate the amounts of the obligations.

Environmental restoration and asset decommissioning obligations

Under legal provisions and best practices, and the environmental commitments assumed by the Group, land used by the Group for mining and quarrying is subject to environmental restoration, and the fixed assets used in production will be removed at the end of operations.

In this context, provisions are recognized as long as they are determinable, in order to afford the estimated expenses for the environmental recovery and restoration of the mining areas and the retirement of the corresponding productive assets. These provisions are recorded simultaneously with the increase in value in the underlying asset and the relevant depreciation of the assets involved is recognized in profit and loss prospectively.

The estimated present value of the asset retirement obligation is recorded as a long-term liability, with a corresponding increase in the carrying amount of the related asset, subject to depreciation. The liability recorded is increased each fiscal period due to the unwinding of the discount and this change is charged to net profit or loss. The asset retirement obligation can also increase or decrease due to changes in the estimated timing of cash flows, changes in the discount rate and/or changes in the original estimated undiscounted costs. Increases or decreases in the obligation other than the unwinding of the discount will result in a corresponding change in the carrying amount of the related asset. Actual costs incurred upon settlement of the asset retirement obligation are charged against the asset retirement obligation to the extent of the liability recorded. We discount the costs related to asset retirement obligations using the discount rate that reflects the current market assessment of the time value of money and risks specific to the liabilities that have not been reflected in the cash flow estimates. Asset retirement obligations are remeasured at each reporting period in order to reflect the discount rates in effect at that time.

In addition, we follow the practice of progressively restoring the areas by the removal of quarries using the provisions recognized for that purpose.

Provisions for lawsuits and other contingencies

The final settlement cost of complaints and litigation may vary due to estimates based on different interpretations of regulations, opinions and final assessments of damages. Therefore, any change in the circumstances related to this type of contingencies may have a significant impact on the amount of the provision for contingencies recorded.

In the normal course of its business, the Group selects tax criteria and accounting positions based on a reasonable interpretation of the current regulations, also taking into consideration the opinion of its tax and legal advisors along with evidence available up to the date of issuance of these financial statements. Nevertheless, in the event of situations where the assessment by a third party and the potential occurrence of damage for the Group are uncertain, the Group has not record a provision as it is has not been required under any existing accounting standards.

The Group makes judgments and estimates to assess whether it is necessary to record costs and make provisions for environmental cleanup remediation and asset retirement obligations based on the current information related to expected remediation costs and plans. In the case of environmental provisions, costs may differ from estimates due to changes in laws and regulations, discovery and analysis of local conditions, as well as changes in cleanup technologies. Therefore, any change in the factors or circumstances related to this type of provisions, as well as any amendment to the rules and regulations may thus have a significant impact on the provisions recorded in these consolidated financial statements.

Financial instruments

Financial assets and financial liabilities are recognized when we become a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financials assets and financial liabilities (other than financial assets and liabilities at fair value through profit or loss) are added or deducted from the fair value of the financial assets of financial liabilities, as appropriate, on initial recognition. Transactions costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Interest and financial income are recognized to the extent the effective interest rate is accrued.

In general, the Group receives short-term advances from its customers. Pursuant to the practical expedient of IFRS 15, the Group does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the entity transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less. The Group does not receive any long-term advances from its customers.

Financial assets

The classification of financial assets at initial recognition depends on the financial asset’s contractual cash flow characteristics and our business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which we have applied the practical expedient, we initially measure a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which we have applied the practical expedient are measured at the transaction price.

According to the provisions under IFRS 9 “Financial instruments”, we classify for purposes of subsequent measurement our financial assets into the following two categories because the company has not asset that are designated as fair value through other comprehensive income:

Financial assets at amortized cost

A financial asset is measured at amortized cost if both of the following conditions are met: (i) the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and (ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

In addition, for the assets that satisfy the conditions mentioned above, IFRS 9 provides the option of designating at the time of initial recognition, an asset as measured at reasonable value if in doing so it eliminates or significantly reduces an inconsistency in valuation or recognition that would have arisen if the valuation of the assets or liabilities or the recognition of their income or loss were effected on different bases.

We have not designated any financial asset at fair value using this option. As of December 31, 2021, our financial assets at amortized cost comprise certain cash and cash equivalent elements, accounts receivable, trade and other receivables.

Financial assets at fair value through profit or loss

If one of the criteria mentioned above were not satisfied, the financial asset is classified as an asset measured at “fair value through profit or loss”.

Financial assets at fair value through profit or loss are carried in our consolidated statement of financial position at fair value with net changes in fair value recognized in our consolidated statement of profit or loss and other comprehensive income.

Recognition and measurement

Financial assets at amortized cost are initially recognized at fair value plus transaction costs. Financial assets at amortized cost are subsequently measured using the effective interest rate method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired. We reclassify all investments in debt instruments only when there is a change in the business model used to manage said assets.

Financial assets at fair value through profit or loss are initially recognized at fair value and transaction costs are recognized as expenses in profit or loss and other comprehensive income. Financial assets at fair value through profit or loss are carried at fair value, with net changes in fair value recognized in profit or loss. Gains and losses on the sale of financial assets at fair value through profit or loss are also recognized in profit or loss in “Financial results, net” in the statement of profit or loss or other comprehensive income. We typically use the transaction price to determine the fair value of a financial instrument at the time of initial recognition.

Derecognition

Purchases and sales of financial assets are recognized on the date when we undertake to purchase or sell the asset. The financial assets are de-recognized when:

- The rights to receive cash flows from the asset have expired, or
- We have transferred our rights to receive cash flows from the asset or have assumed an obligation to pay the received cash flows in full without material delay to a third party under a ‘pass-through’ arrangement; and either: a) we have transferred substantially all risks and rewards of the asset or b) we have neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Upon derecognition of a financial asset in its entirety, the difference between the asset’s carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss.

Upon derecognition of a financial asset other than in its entirety (e.g. when we retain an option to repurchase part of a transferred asset), we allocate the previous carrying amount of the financial asset between the part we continue to recognize under continuing involvement, and the part we no longer recognized on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognized and the sum of the consideration received for the part no longer recognized and any cumulative gain or loss allocated to it that had been recognized in other comprehensive income is recognized in profit or loss. A cumulative gain or loss that had been recognized in other comprehensive income is allocated between the part that continues to be recognized and the part that is no longer recognized on the basis of the relative fair values of those parts.

Financial asset impairment

At the end of each fiscal year, we assess if there is objective evidence of impairment of a financial asset or group of financial assets measured at amortized cost. Impairment is recorded only if there is objective evidence of the impairment as a consequence of one or more events occurred after the initial recognition of the asset and said impairment may be reliably measured.

The Group defined a policy to calculate ECLs for trade receivables and record the related allowance for debtors' impairment. The provision is initially based on the Group's historical observed default rates and it is complemented by a case by case analysis to identify special circumstances on individual customers and/or transactions.

Evidence of impairment includes indications that the debtors or a group of debtors are experiencing serious financial difficulties, default or arrears in interest or principal payments, the likelihood that they will be declared bankrupt or file for reorganization proceedings, and when such observable data indicates that there is a decrease in the estimated future cash flows.

The amount of the impairment is measured as the difference between the book value of the asset and the present value of estimated future cash flows (to the exclusion of future loan losses not incurred) discounted at the original effective interest rate of the financial asset. The carrying amount of the asset is written down and the amount of the loss is recognized in the profit or loss and other comprehensive income. As a practical measure, we may measure impairment on the basis of the fair value of an instrument, using an observable market price. If, in a subsequent period, the impairment amount decreases and such reduction is related to an event taking place after the original impairment, the reversal of the impairment loss is recognized in the consolidated statement of profit or loss and other comprehensive income.

Offsetting of financial instrument

Financial assets and financial liabilities are offset if there is a currently enforceable legal right to offset the recognized amounts and when there is an intent to settle on a net basis, to realize the asset and settle the liability simultaneously.

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments are classified as financial liabilities or as equity in accordance with the substance of the contractual agreement and the definitions of financial liabilities and equity instruments.

Equity instruments

An equity instrument consists in a contract evidencing a residual ownership interest over an entity's net assets after deducting all its liabilities. Equity instruments issued by us at the amount of proceeds receivable, net of direct issuance costs.

The repurchase of our own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss stemming from purchases, sales, issuance or cancellation of our own equity instruments.

The repurchase of the Group's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in the profit or loss statement stemming from purchases, sales, issuance or cancellation of the Group's own equity instruments.

Note 3.16 of our consolidated financial statements disclose the valuation and classification criterion for all individual equity accounts, including non-controlling interest.

Financial Liabilities:

Financial liabilities are classified as at fair value through profit or loss or other financial liabilities.

Financial liabilities at fair value through profit or loss:

A financial liability at fair value through profit or loss is a financial liability classified either as held for trading or at fair value through profit or loss. Financial liabilities are classified as held for trading if:

a) It has been acquired or incurred principally for the purpose of selling or repurchasing it in the near term; or

b) It is part of a portfolio of identified financial instruments that are managed together and, at a later date, there arises evidence for the first time of a recent actual pattern of short-term profit taking; or

c) It is a derivative, except for a derivative that is a designated and effective hedging instrument.

Financial liabilities at fair value through profit or loss are recorded at fair value, with any gains or losses arising from the remeasurement being recognized in profit or loss. The net gain or loss recognized in profit or loss includes any interest paid on the financial liability and is included in other financial results. Fair value is determined as described in Note 33 of our consolidated financial statements.

Financial liabilities (other than financial liabilities held for trading) or contingent consideration to be paid by an acquirer as a part of a business combination may be designated as a liability at fair value through profit and loss upon initial recognition if:

- Such designation eliminates or significantly reduces a potential accounting mismatch that would otherwise arise; or
- Financial liabilities are part of a group of financial assets or liabilities or both, which is managed and whose performance is assessed on the basis of fair value, in accordance with the Group’s documented risk management or investment strategy, and information about the Group is provided internally on that basis; or
- They are part of a contract containing one or more embedded derivatives, and IFRS 9 allows the entire combined contract to be carried at fair value through profit and loss.

We has no financial liabilities measured at fair value to be presented in the statement of financial position.

Other financial liabilities:

Other financial liabilities, including borrowings and trade and other payables, are initially recognized at fair value, net of transaction costs.

Subsequent to initial recognition, other financial liabilities are then measured at amortized cost using the effective interest rate method, with interest expense recognized based on actual return.

Financial liabilities are classified as current liabilities unless the Group has an unconditional right to defer settlement for more than twelve months after the date of the financial statements.

Financial liabilities in foreign currency:

The fair value of financial liabilities in foreign currency is determined in that foreign currency and translated at the exchange rate at the end of each fiscal year. The foreign currency component is part of its profit or loss at fair value. For financial liabilities classified as at fair value through profit or loss, the foreign currency component is recognized in profit or loss.

For debt instruments denominated in foreign currency classified at amortized cost, gains and losses in foreign currency are determined on the basis of the amortized cost of the liability and recognized in “Exchange rate differences” (see Note 10 of our consolidated financial statements) under the “Financial results net” in the statement of profit or loss and other comprehensive income.

Derecognition of financial liabilities:

We derecognize financial liabilities if, and only if, the obligations of the Group expire, are settled or satisfied.

Short- and long-term employee benefits

Liabilities are recognized for the benefits accrued in favor of employees with respect to the salaries and wages, annual vacations and leaves of absence due to diseases in the period in which the service is rendered in connection with the non-discounted amount of the benefits expected to be paid in exchange for such service.

Liabilities are recognized in connection with short-term employee benefits measured at the non-discounted amount of the benefits that are expected to be paid in connection with the related service.

The liabilities recognized with respect to other long-term employee benefits (termination payment plans, which stem from plans that are specific to the employees who leave the company and receive a compensation agreed to be paid in installments) are measured at the present value of estimated future cash outflows expected to be realized.

On January 24, 2018, our board of directors approved the implementation of an incentive program calculated on the basis of our ADS (the “Program”). See *“Item 6.B Directors, Senior Management and Employees – Compensation – Long-Term Incentive Program”.* The purpose of this Program is to attract and retain certain high-ranking employees who satisfy certain admissibility criteria, in the search for aligning the company’s and its shareholders’ long-term interest.

Under this Program, a liability was recorded to reflect the fair value of the obligations resulting from the incentive plan as they are settled in cash. Such fair value is determined at the opening date and at every reporting period of the fiscal year until the date when the plan is settled. To calculate fair value, it is the Black-Scholes method that is used. Changes in the fair value are recorded as an expense during the vesting period and any changes in the fair value are recognized in salaries, wages and social security contributions within the statement of profit or loss and other comprehensive income and the related liability is recognized in non-current salaries and social security payables within the statement of financial position. See “*Note 19 of our consolidated financial statements*”.

During the fiscal year 2021, the board of directors, through its meeting held on February 12, 2021, implemented two new employee incentive programs in order to retain certain high-ranking employees and align their interests with those of our company and its shareholders. These programs replaced the program previously approved by the board of directors at its meeting of January 24, 2018.

The programs approved in 2021 consist in delivering, to certain employees, our ordinary shares listed on the Argentine Stock Exchanges and Markets (“BYMA”) and/or on the New York Stock Exchange (“NYSE”) in the form of ADSs, being one of the new programs subject to total shareholder return (Total Shareholder Return or “TSR”), and the other to the permanence of the selected employees with the Group. In other words, the effective delivery of the shares will depend on the degree of performance of the return as defined in each of the annual plans that will be issued as part of the program and measured in a 3 year period against the target TSR, and on the permanence of the employee with the Group.

On December 21, 2022, and December 21, 2021, our board of directors approved the issuance of the new plans within the framework of the programs implemented in February 2021.

The cost of the new share-based payment plans to be settled with equity instruments was initially measured at fair value at the date of grant, determined using a valuation model appropriate to the circumstances. The cost of this type of plan, along with the related changes, is recognized in “Share-based payment plans” in shareholders’ equity over the period in which the performance and/or service conditions are met, with contra to “Salaries, wages and social security contributions”. The accumulated expense recognized for these plans at each closing date, and up to the vesting date, reflects the extent to which the vesting period has been met and the Group’s best estimate of the number of equity instruments that will ultimately remain as vested benefit for the employees. On January 2023 and 2022, 17,473 and 10,069 ADRs, respectively, were distributed under the above incentive program.

Stripping and quarry exploitation costs

Following the guidelines established by IFRIC 20 "Stripping Costs in the Production Phase of a Surface Mine", the costs of stripping and initial preparation of open-pit quarries for subsequent exploitation are capitalized as property, plant and equipment, as part of the Company’s open-pit quarry stripping and development costs, and are subsequently depreciated based on the units extracted, considering to that end the estimation of reserves available for extraction and existing in the stripped area at all times. The Group periodically revalues the estimate of proven reserves in stripped quarries and prospectively adjusts the effects of any difference in the estimate of tons available for extraction. Due to the frequency in which estimates are reviewed, the risk of significant differences in estimates is reduced. Extraction costs incurred later during the production phase of the Company are recognized as part of production costs.

In the ordinary course of business, the Company undertakes several exploration and evaluation activities in order to search for mineral ore and determine the technical and commercial feasibility of the resources identified. Exploration and evaluation activities include research and analysis of historical exploration data, the compilation of exploration data through geological studies, exploratory drilling and sampling in several areas, the determination of the volume and qualification of the resources identified, among others.

Mineral rights acquired in connection with the right to explore existing exploration areas are capitalized and amortized during the term of the right. As soon as a legal right has been acquired to explore, exploration and evaluation costs are expensed as incurred to profit or loss, unless the Company's management arrives at the conclusion that there is a highest likelihood of obtaining future profits; when this is the case, costs are capitalized. In assessing whether the costs satisfy the criteria to be capitalized several information sources are used, including the nature of the assets, the surface area explored and the results of the samples taken, among others.

All capitalized stripping, exploration and evaluation costs are subject to impairment testing. In the case of determining a potential impairment indicator, the Company carries out an assessment of its recoverability together with the group of related operating assets, which represents the cash-generating unit to which the exploration is attributed.

Ferrosur Roca S.A. concession

Management has reviewed the Group's interest in Ferrosur Roca S.A., taking into account the provisions of IFRIC 12 Service Concession Arrangements, which provides guidance on accounting by the operators of public-to-private service concession arrangements.

Based on the fact that the grantor neither controls nor regulates which services should be provided by the operator to the infrastructure or to whom it must provide them, and at what price, the Company's management concluded that the Ferrosur Roca S.A. concession is out of the scope of IFRIC 12 and, therefore, the Group does not apply its provisions. Accordingly, the Group has recorded the assets received from the concession and those subsequently acquired under IAS 16 - Property, Plant and Equipment.

The concession bidding terms and conditions grant an original term of thirty years (1993-2023) and originally provided for the possibility of an extension for ten additional years, which was rejected by the Ministry of Transport for the reasons described in Note 38. On December 22, 2022, the Ministry of Transport provisionally granted an extension for an additional term of 18 months as from the expiration date of the concession. Therefore, the concession of Ferrosur Roca S.A. will end in September 2024.

The Group has evaluated potential business scenarios based on its intention to continue delivering services as a rail network operator and has not anticipated significant associated effects to date. Likewise, it has reassessed all the accounting estimates affected to the end of the current concession, especially those associated with the recoverability of certain non-current assets affected by it. The evaluations carried out by the Group are detailed in Note 38 to the consolidate financial statements.

Management's accounting estimates and judgments on environmental matters

The Group is constantly working on a responsible and sustainable business strategy, committed to improving environmental performance on an ongoing basis, minimizing environmental impact caused by its operations, and providing maximum value for society.

To this end, the Group has set various environmental sustainability goals within the medium term (year 2030) and long term (year 2050), in alignment with the 2030 Agenda Sustainable Development Goals ("SDG") promoted by the United Nations.

The main committed goals aim to maxime energy efficiency and renewable energy, reduce gas emissions and improve air quality, reduce the carbon footprint, maximize water management, streamline waste management by promoting circular economy, and improve efficiency in the use of materials.

In preparing the consolidated financial statements, the Group's management has considered the potential environmental impact. Therefore, the estimates and judgments made by the Group's management primarily involve assumptions related to future regulations and performance of the industry in which the Group operates. The effects of changes in the estimates and judgments made may primarily relate to impairment tests on property, plant and equipment, the estimated useful life of fixed those assets and therefore the related depreciation recognized annually, as well as the recognition of provisions, such as the environmental provision to afford the estimated expenses for the environmental recovery and restoration of the mining areas exploited by the Group.