

FOSSAL S.A.A. 2022 ANNUAL REPORT

Dear Shareholders,

Pursuant to the provisions of the Company's Bylaws, the Board of Directors submits to your consideration the Annual Report, which includes reports from FOSSAL S.A.A.'s businesses corresponding to the fiscal year 2022.


Section I: RESPONSIBILITY STATEMENT

This document contains truthful and sufficient information regarding the development of the business of FOSSAL S.A.A. during 2022. Notwithstanding the responsibility of the issuer, the signatories make themselves responsible for its content in accordance with the applicable legal provisions.



Humberto Nadal del Carpio¹

CEO



Alfredo Tong Lam

Accountant

Lima, February 24th, 2023

¹ Mr. Humberto Nadal Del Carpio represents Cementos Pacasmayo S.A.A. in the General Management of Fossal S.A.A.

Section II: BUSINESS

A. General Information

- Company Name: FOSSAL S.A.A.
- Address: Calle La Colonia No. 150, Urbanización El Vivero, Santiago de Surco, Lima.
- Telephone: 317-6000
- Incorporation: Notarized document dated August 8, 2016, issued by Notary Public Ricardo Fernandini Barreda.
- Registration: August 10, 2016, filed in Electronic Card No. 13685858 of the Registry of Corporations of the Public Records Office in and for Lima.
- Economic Group: FOSSAL S.A.A. belongs to the “Hochschild – Pacasmayo” economic group, mainly composed of the following companies:

Business Name	Business Purpose
Inversiones ASPI S.A.	Investments
Cementos Pacasmayo S.A.A.	Cement manufacturing and marketing
Cementos Selva S.A.C.	Cement manufacturing and marketing
Distribuidora Norte Pacasmayo S.R.L.	Distribution and marketing
Dinoselva Iquitos S.A.C.	Distribution and marketing
Empresa de Transmisión Guadalupe S.A.C.	Energy transmission
Acuícola Los Paiches S.A.C.	Fishing and operation of fish farms
Fosfatos del Pacífico S.A.	Mining activities for manufacturing fertilizers and chemical products
Salmueras Sudamericanas S.A.	Mining activities for manufacturing fertilizers and chemical products – Inactive since last quarter 2017.
Hochschild Mining PLC subsidiarias	Mining activities
Soluciones Takay S.A.C.	Advice and provision of information services, promotion, acquisition, and intermediation services for the management and development of real estate projects.
150 Krea Inc.	Lessors of intangible non-financial assets.

- FOSSAL's registered capital stock as of December 31, 2022, is S/ 5,155,939 and the unregistered capital stock is S/ 3,827,856, both fully subscribed and paid.
- FOSSAL investment shares registered as of December 31, 2022, are S/489,948, and investment shares pending registration is S/364,451; both fully subscribed and paid.
- Number and par value of registered shares: 5,155,939 common shares of S/ 1 each and 489,948 investment shares of S/ 1 each.

- Number and par value of shares pending registration: 3,827,856 common shares of S/ 1 each and 364,451 investment shares of S/ 1 each.

The shareholding structure: The percentages of participation of individuals or legal entities owning 5% or more of the capital are as follows:

Shareholders with registered shareholding of more than 5% of the Capital Stock and Investment Shares as of December 31, 2022 considering the registered shares:

Name	Shareholding	Nationality	Economic Group
Inversiones ASPI S.A.	84.22%	Peruvian	Hochschild – Pacasmayo

Shareholding structure: the percentages of registered ownership of the ten main common stockholders are as follows:

1.	84.22 %
2.	3.99 %
3.	3.27 %
4.	2.08 %
5.	1.04 %
6.	0.75 %
7.	0.52 %
8.	0.38 %
9.	0.30 %
10.	0.27 %

Common voting shares registered at December 31, 2022:

Holding	Number of Shareholders	Percentage of participation
Less than 1%	4,965	5.40%
Between 1% - 5%	4	10.38%
Between 5% -10%	0	0.00%
More than 10%	1	84.22%
Total	4,970	100.00%

Investment shares registered as of December 31, 2022:

Holding	Number of Shareholders	Percentage of participation
Less than 1%	337	3.22%

Between 1% - 5%	0	0.00%
Between 5% -10%	0	0.00%
More than 10%	1	96.78%
Total	338	100.00%

B. Operations and Development Description

- Company purpose: Investment in securities, security titles or shares of other corporations, formation/promotion, and development of manufacturing enterprises and other investments.
- ISIC: 6420
- Term: Indefinite

History

FOSSAL S.A.A. (hereinafter "the Company") was incorporated on August 8, 2016, in accordance with the Peruvian General Corporation Law, is an open stock corporation, whose common shares are registered in the public registry of the stock market of the Superintendencia del Mercado de Valores (SMV) and in the securities registry of the Lima Stock Exchange (BVL). The Company is a subsidiary of Inversiones ASPI S.A, (hereinafter "the Principal"). As part of a process of application, compensation of losses, and capital increase, the Principal has 84.2 percent of the Company's common shares as of December 31, 2022, and 2021. During 2022 and 2021, the Principal has made capital contributions in order to improve the Company's equity position.

The Company's main purpose is the investment in securities, security titles or shares of other corporations, formation, promotion, and development of manufacturing enterprises and other investments.

In September 2016, the General Shareholders' Meeting of Cementos Pacasmayo S.A.A. approved the spin-off of a portion of its net assets (composed by the assets and liabilities related to the Company's interest in Fosfatos del Pacífico S.A.) to Fossal S.A.A. ("FOSSAL"), a newly formed entity created as a subsidiary of Inversiones ASPI S.A. The purpose of the spin-off was to allocate Cementos Pacasmayo's assets and liabilities in accordance with the specialization of each business, cement and phosphate & diatomite. The spin-off took place in March 2017 and with it FOSSAL became the owner of 70% of the shares of Fosfatos del Pacífico S.A., being to date the only company in which it owns shares.

On March 29, 2022, the Annual Stockholders' Meeting approved the application of results corresponding to the fiscal year 2021; as a result, it approved firstly, the reduction of capital and the investment shares account to reestablish the equity balance through the capitalization of losses, leaving the capital stock at S/ 5,155,939 and the investment shares account at S/ 489,948.

Furthermore, the Annual Stockholders' Meeting approved an increase in capital stock up to S/ 3,835,525, and in the investment, shares account up to the amount of S/ 364,475; delegating

the procedure for the subscription of the shares and the determination of the increase and modification of the bylaws to the Board of Directors.

In this regard, on November 10, 2022, the Board of Directors approved the procedure for the preferential subscription of shares of the Company, receiving contributions of 3,827,856 common shares and 364,451 investment shares as of December 31, 2022.

Sector and Market Description

FOSSAL's only subsidiary is Fosfatos del Pacífico S.A., whose main object is to engage in all kind of non-metal and metal mining activities, and the industrialization and marketing of fertilizers and chemical products in general for the agricultural sector.

With the indefinite adjudication of the Diatomites concession Bayóvar N ° 9 by Proinversión and Activos Mineros S.A. in favor of Cementos Pacasmayo S.A.A. in 2007, and the constitution in 2009 of Fosfatos del Pacífico S.A., the latter will engage in the exploitation and marketing of the diatomite and phosphoric rock resources of the Bayovar N ° 9 concession. The concession is located in the district and province of Sechura, department of Piura, approximately 1,000 km. north of the capital, Lima, 110 km south of Piura and 30 km from the Pacific Ocean.

Historically, Bayovar phosphate rock has been known worldwide for its high P₂O₅ content, high solubility, and low level of impurities. This positions it as an easily marketable rock in the international market. According to the report developed by Golder Associates, who validated the exploration program and the database for the resource estimation, the magnitude of resources was determined at 546.1 million tons (dry basis measurements) of phosphate rock with 18.2% of P₂O₅ under the category of resources. Regarding the Reserves, these are 108.1 million tons of ore of 17.8% of P₂O₅.

Phosphate rock is obtained through the mining of phosphate minerals, which are then put through a metallurgical process. Phosphate that is contained in phosphate rock serves as a vital macronutrient for transfer of energy, photosynthesis and cells division. Likewise, its contribution is essential for plants growth as it promotes both root development and resistance to droughts. Most natural and farm soils are phosphorous deficient and, as such, application of fertilizers containing such element is required at least once a year. Phosphate rock, among other applications, is used to produce phosphoric acid, and phosphate fertilizers, the latter making up approximately 90% of world phosphate rock. In the family of phosphate fertilizers, the more important are diammonium phosphate (DAP), monoammonium phosphate (MAP) and triple superphosphate (TSP)².

Since 2021, the price of fertilizers has been on the rise, due to the increase in the cost of its main inputs, such as natural gas and coal. This was compounded by the sanctions imposed on Belarus, the leading global exporter of potash fertilizers, in June 2021. After a slight reversal in fertilizer prices between December 2021 and February 2022, the war in Ukraine has pushed them up again. New sanctions imposed on Russia and Belarus as a result of the conflict limit supply from two of the world's leading exporters of nitrogen and potash fertilizers. Thus, in April 2022, the

² CRU / Mining and Energy Planning Unit. Roca Fosfórica, Characterization and analysis of the international mineral market in the short, medium and long term up to the year 2035.

World Bank's fertilizer price index was on the verge of reaching its historical maximum value, recorded in August 2008³.

Another important factor, according to Standard & Poor's (S&P), in the phosphate rock sector, China has imposed internal controls on fertilizer exports, which influenced the rise in international phosphate rock prices, considering that China is a relevant exporter in the fertilizer market.

C. Human Resources

FOSSAL does not have any staff on the payroll since it is an investment company; neither has hired any temporary staff during 2022.

Senior Management is in charge of Cementos Pacasmayo S.A.A. by virtue of a General Management and Services Agreement

D. Judicial, Administrative, or Arbitration Proceedings

As of December 31, 2022, and as of the date hereof, there are no legal proceedings against the Company.

³ BCRP, 2022

E. Administration

List of Directors:

Name	Position	Director since
Humberto Nadal Del Carpio	President	26.09.2016
Marco Antonio Zaldívar García	Vicepresident	24.03.2017
Manuel Bartolomé Martín Ferreyros Peña.	Director	15.02.2021

Humberto Nadal Del Carpio

Mr. Nadal joined Cementos Pacasmayo as Corporate Development Manager in June 2007, has been Director since March 2008, and Chief Executive Officer of Cementos Pacasmayo since April 2011. He received an undergraduate degree in Economics from Universidad del Pacífico and a Master's degree in Business Administration from Georgetown University. He is also CEO of ASPI S.A., Fosfatos del Pacifico S.A. and FOSSAL. Additionally, he is Vice-Chairman of the Board of Directors of Ferreycorp and a member on the Board of Directors of Ferreyros, has been Chairman of Patronato de la Universidad del Pacifico and Chairman of the Board of Directors of Fondo Mi Vivienda. In April 2006, he joined Compañía Minera Ares S.A.C. (subsidiary of Hochtchild Mining plc) as Corporate Development Manager. Mr. Nadal was also Business, Administration, and Finance Manager of the Instituto Libertad y Democracia and CEO of Socosani S.A. Distinguished among the three best CEOs of the construction industry in Latin America by the Institutional Investor magazine for the years 2014, 2015, and 2016, 2017, 2018 and 2019.

Marco Antonio Zaldívar García

Mr. Zaldívar is a Certified Public Accountant, who graduated from Universidad de Lima and the PAD Executive Development Program of the Universidad de Piura. He has an MBA at the Adolfo Ibáñez School of Management (USA). He has been Chairman of the Board of Directors of the Lima Stock Exchange. Previously, at Ernst & Young, he has been a Partner in Risk Management and Regulatory Matters, Senior Partner of the Audit and Business Advisory Division of the firm. He has also been Vice Dean of the Association of Public Accountants of Lima, President of the Board of Directors, and Chairman of the Good Corporate Governance Committee of Procapitales. He is currently the Independent Director of Banco Santander del Perú, Edpyme Santander Consumo and Compañía de Minas Buenaventura, among other positions, highlighting his extensive experience in Corporate Governance issues.

Manuel Ferreyros Peña

Mr. Ferreyros is currently Vice President of Administration and Finance at Cementos Pacasmayo S.A.A. Mr. Ferreyros holds a degree in Business Administration from the Universidad de Lima, a multinational MBA from the Adolfo Ibañez School of Management, Miami, and an MBA from the College of Insurance in New York. Mr. Ferreyros has participated in the Senior Management Program at the Central American Institute of Business Administration (INCAE) and the CEO's Management Program at the Kellogg School of Management, among others. Prior to joining the Company, Mr. Ferreyros was the General Manager of La Positiva Seguros y Reaseguros. Mr. Ferreyros has been distinguished among the top three CFOs in the construction industry in Latin America by Institutional Investor magazine for 2014, 2015, 2016, 2017, 2018, 2019, and 2020.

F. General Administration

The general administration service provided by Cementos Pacasmayo S.A.A. to the Company includes, in addition to its function as general manager, services according to the requirements and needs of the company, such as: (i) legal advice, (ii) internal audit, (iii) accounting, (iv) human resources, (v) logistics, (vi) budget, treasury, and finance, (vii) information and communications systems, and (viii) general services (visits, correspondence, telephone exchange, and archiving). Cementos Pacasmayo S.A.A. is providing these services since 2016.

Management Staff

General Manager: Cementos Pacasmayo S.A.A. Mr. Humberto Nadal del Carpio is the natural person that represents it.

The other management tasks of the company are carried out by Cementos Pacasmayo personnel, according to the General Management Agreement and Services Provision.

G. Operation

FOSSAL had no direct sales operating income in 2022 or 2021.

H. Main Assets

The main asset of FOSSAL S.A.A. (individual) is the investment in subsidiaries, joint ventures, and associates for S/ 5.70 million, which comprises the investment in Fosfatos del Pacifico S.A. of which FOSSAL owns a 99.99% interest as of December 31, 2022, followed by cash and cash equivalents for S/ 0.78 million.

SECTION III: SEPARATE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022 and 2021

A. Liquidity

The treasury management policy is based on the principle of prudence and is focused on complying with the current obligations of the Company, mainly: i) administrative services and ii) capital contribution plan to subsidiary Fosfatos del Pacífico S.A.

Liquidity Ratios	2022	2021
Current Ratios (Current Assets / Current Liabilities)	8.29	58.37

The liquidity indicator as of December 31, 2022 has decreased with respect to the 2021 financial statements due to a decrease in cash and cash equivalents as a result of the contribution made to the subsidiary Fosfatos del Pacifico S.A.

B. Capital and Financing

The Company's future investment is directly related to the investment of its subsidiary Fosfatos del Pacifico S.A., in the Phosphate project, which will depend on the situation of the phosphate rock market and the obtaining of the corresponding financing in the appropriate terms for said project. Within the framework of a policy of prudence in the use of financial resources this year, Management is evaluating both critical factors for the Phosphates project.

Debt to Assets Ratios	2022	2021
Total Liabilities / Total Assets	0.014	0.005
Total Shareholder Net Equity / Total Assets	0.986	0.995

The financing indicators remain stable as of December 31, 2022, regarding financial information as of December 31, 2021.

C. Economic Results

During 2022 FOSSAL S.A.A. ("FOSSAL") obtained a net loss amounting to S/3.42 million and an operating loss of S/0.50 million (during 2021, S/23.90 million and S/15.24 million respectively).

As of December 31, 2021, the separate statement of integral results of FOSSAL includes a provision for impairment of the investment in the subsidiary "Fosfatos del Pacifico" for S/14.2 million.

The accumulated results as of December 31, 2022, and 2021 were negative by S/3.42 and S/23.90 million, respectively.

Changes in the Responsible of Elaborating and Reviewing Financial Statements

During 2022 there has been no change within the team responsible for the elaboration and review of the financial statements of the Company.

SECTION IV: CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022, and 2021.

For the present document, the parent company FOSSAL has as a subsidiary the company FOSFATOS DEL PACIFICO SAA, whose consolidated ratios are as follows:

A. Liquidity

Liquidity Ratios	2022	2021
Current Ratio (Current Assets / Current Liabilities)	4.28	5.77

The liquidity indicator as of December 31, 2022, has decreased with respect to the 2021 financial statements, mainly due to the increase in commercial and other payables.

B. Capital y Financing

Debt Ratios	2022	2021
Total Liabilities / Total Assets	0.460	0.480
Total Shareholder Net Equity / Total Assets	0.540	0.520

The financing indicators remain relatively stable on December 31, 2022, with respect to the financial information on December 31, 2021.

C. Economic Results

During 2022 FOSSAL S.A.A. and its subsidiary obtained a net loss of S/3.42 million and an operating loss of S/3.66 million (during 2021, S/25.75 million and S/25.91 million, respectively).

The accumulated results as of December 31, 2022, and 2021 were negative S/3.42 million and S/23.90 million, respectively.

SECTION V: APPENDIX

A. Shareholding structure by type of investor

Share: FOSSALC1

#	Holdings by type of shareholders of the share or representative value of participation that makes up the S&P Peru Selective Index (at the end of the year)	Number of holders	Participation percentage
1	Board members and senior management of the company, including relatives	4	0.00%
2	Workers of the company, not included in item 1.		0.00%
3	Natural persons, not included in items 1 and 2.	4,928	8.27%
4	Pension funds administered by Pension Fund Administrators (PFA) under the supervision of the Superintendency of Banking, Insurance and PFA.	6	0.29%
5	Pension fund administered by the Social Security Normalization Office (ONP).		0.00%
6	State Major Government, with the exception of the assumption included in item 5.	1	0.03%
7	Banks, finance companies, municipal savings banks, edpymes, rural banks and savings and credit cooperatives under the supervision of the Superintendency of Banking, Insurance and PFA.		0.00%
8	Insurance companies under the supervision of the Superintendency of Banking, Insurance and PFA.		0.00%
9	Brokerage agents, under the supervision of the Securities Market Superintendence.	1	0.02%
10	Investment funds, mutual funds and trust assets under the scope of the Securities Market Law and the Law of Investment Funds and bank trusts under the scope of the General Law of the Financial System.		0.00%
11	Autonomous assets and bank trusts abroad, to the extent that they can be identified.		0.00%
12	Foreign depositaries listed as shareholders under ADR or ADS programs.	1	3.99%
13	Foreign depositaries listed as shareholders not included in item 12.		0.00%
14	Foreign custodians listed as shareholders.		0.00%
15	Entities not included in previous items.	29	87.40%
16	Shares within the S&P/LSE Peru Select Index or representative value of these shares, in the company's portfolio.		0.00%
	Total	4,970	100.00%
	Holdings by shareholders or holders of the representative value of participation that make up the S&P/LSE Peru Select Index, according to their residence (at the close of 2020)		
	Domiciled	4,906	92.92%
	Not domiciled	64	7.08%

The controller, ASPI, has 84.22% of the shares and is classified in "Entities not included in the previous items"

B. Monthly FOSSAL S.A.A. share prices for the financial year 2022

FOSSAL. S.A.A.

Renta Variable

LSE Code	Ticker	Year - Month	2 0 2 2 S H A R E / P R I C E				Average Price S/
			Open S/	Close S/	Max S/	Min S/	
PEP736211009	FOSSALC1	2022-01	0.95	0.95	0.95	0.95	0.94
PEP736211009	FOSSALC1	2022-02	-.-	-.-	-.-	-.-	0.98
PEP736211009	FOSSALC1	2022-03	0.80	0.80	0.80	0.80	0.80
PEP736211009	FOSSALC1	2022-04	0.80	0.80	0.80	0.80	0.80
PEP736211009	FOSSALC1	2022-05	-.-	-.-	-.-	-.-	-.-
PEP736211009	FOSSALC1	2022-06	-.-	-.-	-.-	-.-	-.-
PEP736211009	FOSSALC1	2022-07	-.-	-.-	-.-	-.-	-.-
PEP736211009	FOSSALC1	2022-08	-.-	-.-	-.-	-.-	0.30
PEP736211009	FOSSALC1	2022-09	-.-	-.-	-.-	-.-	0.39
PEP736211009	FOSSALC1	2022-10	-.-	-.-	-.-	-.-	-.-
PEP736211009	FOSSALC1	2022-11	-.-	-.-	-.-	-.-	1.31
PEP736211009	FOSSALC1	2022-12	0.80	0.80	0.80	0.80	0.80
PEP736215000	FOSSALI1	2022-01	-.-	-.-	-.-	-.-	0.001
PEP736215000	FOSSALI1	2022-02	-.-	-.-	-.-	-.-	-.-
PEP736215000	FOSSALI1	2022-03	-.-	-.-	-.-	-.-	-.-
PEP736215000	FOSSALI1	2022-04	-.-	-.-	-.-	-.-	-.-
PEP736215000	FOSSALI1	2022-05	-.-	-.-	-.-	-.-	-.-
PEP736215000	FOSSALI1	2022-06	-.-	-.-	-.-	-.-	-.-
PEP736215000	FOSSALI1	2022-07	-.-	-.-	-.-	-.-	-.-
PEP736215000	FOSSALI1	2022-08	-.-	-.-	-.-	-.-	-.-
PEP736215000	FOSSALI1	2022-09	-.-	-.-	-.-	-.-	0.001
PEP736215000	FOSSALI1	2022-10	-.-	-.-	-.-	-.-	-.-
PEP736215000	FOSSALI1	2022-11	-.-	-.-	-.-	-.-	-.-
PEP736215000	FOSSALI1	2022-12	-.-	-.-	-.-	-.-	-.-