

**Patrimonio en Fideicomiso D.S. N°093-2002-EF InRetail  
Consumer and Supermercados Peruanos S.A. and Subsidiaries  
and InRetail Pharma S.A. and Subsidiaries**

Interim combined financial statements as of June 30, 2021 and  
December 31, 2020 and for the six month periods ended June 30, 2021  
and 2020

**Patrimonio en Fideicomiso N°093-2002-EF-InRetail Consumer and Supermercados Peruanos S.A. and Subsidiaries and InRetail Pharma S.A. and Subsidiaries**

**Interim combined statements of financial position**

As of June 30, 2021 and December 31, 2020

	Note	2021	2020		Note	2021	2020
		S/(000)	S/(000)			S/(000)	S/(000)
<b>Assets</b>				<b>Liabilities and equity</b>			
<b>Current assets</b>				<b>Current liabilities</b>			
Cash and short-term deposits	4	880,900	907,048	Trade payables	13	3,568,357	3,248,861
Investment at fair value through profit or loss		-	93,061	Other payables		515,241	612,755
Financial instruments at amortized cost		-	24,624	Accounts payable to related parties	21(b)	23,505	29,439
Trade receivables, net	5	634,204	589,256	Interest-bearing loans and borrowings	15	352,686	1,672,617
Other receivables, net		85,297	107,362	Lease liability	14(c)	274,108	229,726
Accounts receivables from related parties	21(b)	71,542	46,848	Current income tax, net	16(b)	5,059	73,682
Inventories, net	6	2,372,204	2,158,521	Deferred revenue	22	16,341	13,678
Prepayments	8	34,945	12,916	<b>Total current liabilities</b>		<b>4,755,297</b>	<b>5,880,758</b>
Taxes recoverable		203,239	127,677				
<b>Total current assets</b>		<b>4,282,331</b>	<b>4,067,313</b>	<b>Non-current liabilities</b>			
				Other payables		1,114	2,317
<b>Non-current assets</b>				Accounts payable to related parties	21(b)	90,807	90,548
Other receivables, net		87,938	62,481	Interest-bearing loans and borrowings	15	4,908,262	3,147,970
Taxes recoverable		-	3,713	Lease liability	14(c)	1,436,899	1,417,144
Derivative financial instruments	9	158,382	112,273	Deferred revenue	22	29,110	25,141
Investment at fair value through equity	7	51,351	54,061	Deferred income tax liabilities, net	16(a)	433,102	451,279
Property, furniture and equipment, net	10	3,923,451	3,841,856	Reserves for employee retirement pension funds		23,687	21,131
Right of-use- assets, net	14(b)	1,536,191	1,545,805	<b>Total non-current liabilities</b>		<b>6,922,981</b>	<b>5,155,530</b>
Investment properties	11	279,764	282,245	<b>Total liabilities</b>		<b>11,678,278</b>	<b>11,036,288</b>
Intangible assets, net	12	3,870,602	3,912,701	<b>Equity</b>			
Deferred income tax assets, net	16(a)	129,550	88,003	Capital stock	17	369,551	369,551
Other assets		7,451	7,949	Capital premium		181,507	181,507
<b>Total non-current assets</b>		<b>10,044,680</b>	<b>9,911,087</b>	Treasury shares		(9)	(9)
				Additional paid in capital		706,427	706,427
<b>Total assets</b>		<b>14,327,011</b>	<b>13,978,400</b>	Other reserve		821,498	821,498
				Unrealized results from foreign currency translation		3,780	1,840
				Unrealized results on derivative financial instrument		(58,273)	(40,610)
				Unrealized results on investment at fair value through equity		11,195	12,858
				Unrealized results from actuarial reserve for retirement		927	927
				Legal Reserve		79,833	70,173
				Retained earnings		457,405	712,014
				<b>Total equity</b>		<b>2,573,841</b>	<b>2,836,176</b>
				Non-controlling interests		74,892	105,936
				<b>Total liabilities and equity</b>		<b>14,327,011</b>	<b>13,978,400</b>

The accompanying notes are an integral part of these combined financial statements.

**Patrimonio en Fideicomiso D.S. N°093-2002-EF- InRetail Consumer and Supermercados Peruanos S.A. and Subsidiaries and InRetail Pharma S.A. and Subsidiaries**

**Interim combined income statements**

For the six -month periods ended June 30, 2021 and 2020

	Note	2021 S/(000)	2020 S/(000)
Net sales of goods		8,202,039	6,457,851
Rental income		80,295	60,910
Rendering of services		104,692	102,148
<b>Revenue</b>		<b>8,387,026</b>	<b>6,620,909</b>
Cost of sales	19	(6,154,614)	(4,767,046)
<b>Gross profit</b>		<b>2,232,412</b>	<b>1,853,863</b>
Loss from joint venture	21	-	(2,195)
Loss on valuation at fair value of investment properties	11	(1,045)	(9,310)
Selling expenses	19	(1,425,755)	(1,201,926)
Administrative expenses	19	(260,912)	(204,964)
Other operating (expenses) income, net		(3,926)	6,274
<b>Operating profit</b>		<b>540,774</b>	<b>441,742</b>
Financial income	20	4,858	6,407
Financial expenses	20	(329,605)	(163,945)
Exchange difference, net		(111,324)	(74,753)
<b>Profit before income tax</b>		<b>104,703</b>	<b>209,451</b>
Income tax expense	16	(44,225)	(73,279)
<b>Net profit</b>		<b>60,478</b>	<b>136,172</b>
<b>Attributable to:</b>			
Owners of the parent		52,818	121,785
Non-controlling interests		7,660	14,387
<b>Net profit</b>		<b>60,478</b>	<b>136,172</b>

The accompanying notes are an integral part of these combined financial statements.

**Patrimonio en Fideicomiso D.S. N°093-2002-EF- InRetail Consumer and Supermercados Peruanos S.A. and Subsidiaries and InRetail Pharma S.A. and Subsidiaries**

**Interim combined statements of comprehensive income**

For the six -month periods ended June 30, 2021 and 2020

	2021 S/(000)	2020 S/(000)
<b>Net profit</b>	60,478	136,172
<b>Other comprehensive income</b>		
Unrealized (loss) gain on available-for-sale investments	(2,711)	366
Income tax effect	800	(108)
<b>Total other comprehensive income of available for sale investment</b>	<u>(1,911)</u>	<u>258</u>
Unrealized loss in derivative financial instrument	(20,631)	(42,711)
Income tax effect	5,151	12,600
<b>Total other comprehensive income derivative financial instruments</b>	<u>(15,480)</u>	<u>(30,111)</u>
Unrealized gain results from foreign currency translation	2,060	1,348
<b>Total other income result from foreign currency translation</b>	<u>2,060</u>	<u>1,348</u>
<b>Other comprehensive income for the period, net of income tax effects</b>	<u>(15,331)</u>	<u>(28,505)</u>
<b>Total comprehensive income for the period</b>	<u>45,147</u>	<u>107,667</u>
<b>Attributable to:</b>		
Owners of the parent	35,285	96,980
Non-controlling interests	9,862	10,687
<b>Total comprehensive income for the period</b>	<u>45,147</u>	<u>107,667</u>

The accompanying notes are an integral part of these combined financial statements.

**Patrimonio en Fideicomiso D.S. N°093-2002-EF-InRetail Consumer and Supermercados Peruanos S.A. and Subsidiaries and InRetail Pharma S.A. and Subsidiaries**

**Interim combined statements of changes in equity**

For the six -month periods ended June 30, 2021 and 2020

	Capital stock	Additional paid in capital	Capital premium	Treasury shares	Other reserve	Unrealized results on derivative financial instruments	Unrealized results on investments at fair value through equity	Unrealized results from foreign currency translation	Unrealized results from actuarial reserve for retirement	Legal reserve	Retained earnings	Total	Non-controlling interests	Total equity
	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)
<b>Balance as of January 1, 2020</b>	<b>369,551</b>	<b>706,427</b>	<b>181,507</b>	<b>(9)</b>	<b>821,498</b>	<b>(2,935)</b>	<b>7,565</b>	<b>(208)</b>	<b>415</b>	<b>44,022</b>	<b>629,438</b>	<b>2,757,271</b>	<b>100,979</b>	<b>2,858,250</b>
Profit for the period	-	-	-	-	-	-	-	-	-	-	121,785	121,785	14,387	136,172
Other comprehensive income	-	-	-	-	-	(26,203)	225	1,173	-	-	-	(24,805)	(3,700)	(28,505)
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(26,203)</b>	<b>225</b>	<b>1,173</b>	<b>-</b>	<b>-</b>	<b>121,785</b>	<b>96,980</b>	<b>10,687</b>	<b>107,667</b>
Dividends	-	-	-	-	-	-	-	-	-	-	(223,657)	(223,657)	(18,101)	(241,758)
Transfer to legal reserve	-	-	-	-	-	-	-	-	-	11,243	(11,243)	-	-	-
<b>Balance as of June 30, 2020</b>	<b>369,551</b>	<b>706,427</b>	<b>181,507</b>	<b>(9)</b>	<b>821,498</b>	<b>(29,138)</b>	<b>7,790</b>	<b>965</b>	<b>415</b>	<b>55,265</b>	<b>516,323</b>	<b>2,630,594</b>	<b>93,565</b>	<b>2,724,159</b>
<b>Balance as of January 1, 2021</b>	<b>369,551</b>	<b>706,427</b>	<b>181,507</b>	<b>(9)</b>	<b>821,498</b>	<b>(40,610)</b>	<b>12,858</b>	<b>1,840</b>	<b>927</b>	<b>70,173</b>	<b>712,014</b>	<b>2,836,176</b>	<b>105,936</b>	<b>2,942,112</b>
Profit for the period	-	-	-	-	-	-	-	-	-	-	52,818	52,818	7,660	60,478
Other comprehensive income	-	-	-	-	-	(17,663)	(1,663)	1,793	-	-	-	(17,533)	2,202	(15,331)
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(17,663)</b>	<b>(1,663)</b>	<b>1,793</b>	<b>-</b>	<b>-</b>	<b>52,818</b>	<b>35,285</b>	<b>9,862</b>	<b>45,147</b>
Dividends	-	-	-	-	-	-	-	-	-	-	(297,598)	(297,598)	(40,928)	(338,526)
Transfer to legal reserve	-	-	-	-	-	-	-	-	-	13,685	(13,685)	-	-	-
Other adjustment	-	-	-	-	-	-	-	147	-	(4,025)	3,856	(22)	22	-
<b>Balance as of June 30, 2021</b>	<b>369,551</b>	<b>706,427</b>	<b>181,507</b>	<b>(9)</b>	<b>821,498</b>	<b>(58,273)</b>	<b>11,195</b>	<b>3,780</b>	<b>927</b>	<b>79,833</b>	<b>457,405</b>	<b>2,573,863</b>	<b>74,870</b>	<b>2,648,733</b>

The accompanying notes are an integral part of these combined financial statements.

**Patrimonio en Fideicomiso D.S. N°093-2002-EF-InRetail Consumer and Supermercados Peruanos S.A. and Subsidiaries and InRetail Pharma S.A. and Subsidiaries**

**Interim combined statements of cash flows**

For the six -month periods ended June 30, 2021 and 2020

	<b>2021</b>	<b>2020</b>
	S/(000)	S/(000)
<b>Operating activities</b>		
Revenue	8,308,916	6,517,612
Payments to suppliers of goods and services	(6,758,714)	(5,327,565)
Payments to employees for salaries and social benefits	(672,062)	(595,282)
Taxes paid	(311,388)	(136,300)
Other payments, net	(18,223)	(5,473)
<b>Net cash flows from operating activities</b>	<b>548,529</b>	<b>452,992</b>
<b>Investing activities</b>		
Collection of loans to related parties	19,925	500
Sales of property, furniture and equipment	894	2,686
Sales of investment at fair value through profit or loss	139,401	150,829
Sales of investments at fair value through equity	-	-
Sales of subsidiary, net of cash delivered	36,792	-
Loans granted to related parties	(45,096)	(1,860)
Purchase of investment at fair value through profit or loss	(21,000)	(271,398)
Purchase of property, furniture and equipment, net of acquisitions through leasing	(202,704)	(87,849)
Purchase and development of intangible assets	(25,553)	(14,998)
Purchase of investment properties, net of acquisitions through leasing	(729)	(6,116)
<b>Net cash flows used in investing activities</b>	<b>(98,070)</b>	<b>(228,206)</b>
<b>Financing activities</b>		
Proceeds from interest-bearing loans and borrowings	742,417	1,158,200
Proceeds from bond issuances, net of up-front fees	2,766,553	-
Proceeds from early settlement of hedging instrument	21,385	-
Payment of interest-bearing loans and borrowings	(1,816,344)	(1,034,313)
Payment of bonds issuance	(1,478,000)	-
Payment of premium for advanced cancelation of senior notes	(47,530)	-
Interest payment	(111,478)	(91,041)
Payment of lease liability	(151,962)	(138,799)
Interest payment of lease liability	(60,516)	(54,690)
Dividends payment	(338,526)	(241,758)
Rent payments and key money paid in advance	(2,606)	(568)
<b>Net cash flows used in financing activities</b>	<b>(476,607)</b>	<b>(402,969)</b>
Net decrease of cash and short-term deposits	<b>(26,148)</b>	<b>(178,183)</b>
Cash and short-term deposits at the beginning of the period	907,048	701,730
<b>Cash and short-term deposits at the end of the period</b>	<b>880,900</b>	<b>523,547</b>
<b>Non-cash transactions</b>		
Fixed assets purchased through leasing and others financial obligation and no financial	14,379	8,892
Intangibles from the acquisition of a subsidiary	120,018	-
Addition of the period of right-of-use asset	178,289	98,474

The accompanying notes are an integral part of these combined financial statements.

## Notes to the combined financial statements

### Patrimonio en Fideicomiso D.S. N°093-2002-EF-InRetail Consumer and Supermercados Peruanos S.A. and Subsidiaries and InRetail Pharma S.A. and Subsidiaries

#### Notes to the interim combined financial statements

As of June 30, 2021 and December 31, 2020

#### 1. Identification, business activities, acquisition and disposal of subsidiaries, and pandemic

##### (a) Identification

Patrimonio en Fideicomiso D.S. N°093-2002-EF-InRetail Consumer (a Special Purpose Entity-SPE, hereinafter "InRetail Consumer"), was incorporated in August 2014 by InRetail Perú Corp. only for the purpose of issuing debt in the local market and abroad. As of June 30, 2021, the representative shares of capital stock of Supermercados Peruanos S.A. and Subsidiaries, InRetail Pharma S.A. and Subsidiaries, and InRetail Foods S.A.C. are maintained in trust in this entity.

Supermercados Peruanos S.A. InRetail Pharma S.A. and InRetail Foods S.A.C. were incorporated in June 1979, August 1996 and December 2020, respectively, in Lima, Peru. As of June 30, 2021 and December 31, 2020, those companies are subsidiaries of InRetail Perú Corp., which is part of Intercorp Perú Corp., InRetail Perú Corp. owns directly and indirectly the following percentages of ownership in these companies:

- 99.98% of Supermercados Peruanos S.A.
- 87.02% of InRetail Pharma S.A.
- 100.00% of InRetail Foods S.A.C.

##### (b) Business activities

The following is a description of the Companies activities:

- Supermercados Peruanos S.A. is dedicated to retail. As of June 30, 2021 and December 31, 2020, has a chain of stores operating under "Plaza Veá", "Plaza Veá Super", "Vivanda", "Mass", "Economax" and "Makro" brands, which are located in Lima and provinces, such as Trujillo, Chimbote, Piura, Cusco, Arequipa Huancayo, among others. Supermercados Peruanos S.A. holds 100 percent of: (i) Desarrolladora de Strip Centers S.A.C., (ii) Plaza Veá Sur S.A.C. (iii) Plaza Veá Oriente S.A.C. and (iv) Makro Supermayorista S.A.

At the General Shareholders' Meeting held on February 11, 2020, the merger of the subsidiaries Supermercados Peruanos S.A. and Plaza Veá Sur S.A.C. was approved, with the latter being absorbed.

- InRetail Foods S.A.C. a Company incorporated only with the purpose of acquiring 37.42 percent of Makro Supermayorista S.A. In the General Shareholder's Meeting of Supermercados Peruanos S.A. and InRetail Foods S.A.C., dated February 15, 2021, the merger of both companies was agreed, as mentioned before. InRetail Foods S.A.C. was the entity absorbed.

## Notes to the combined financial statements

- InRetail Pharma S.A. is dedicated to the commercialization of pharmaceutical products, cosmetic products, food for medical use and other elements related to health protection and recovery through its “Inkafarma” and “Mifarma” pharmacy chains. It is also dedicated, to the Manufacturing, Distribution and Marketing of pharmaceutical products. As of June 30, 2021 it operates in Perú, Ecuador and Bolivia (as of December 31 de 2020, Perú, Colombia, Ecuador and Bolivia). InRetail Pharma S.A. holds 100 percent of: (i) Eckerd Amazonía S.A.C. (ii) Boticas del Oriente S.A.C. (iii) Farmacias Peruanas S.A.C. (iv) Droguería InRetail Pharma S.A.C. and (v) Quicorp Group. See Note 1 c).

During the years 2021 and 2020, the Company disposed of the following subsidiaries: Mifarma S.A. (Bolivia), Cifarma S.A.C. (Perú), and Química Suiza Colombia S.A.S. (Colombia). See Note 1 (b).

The following is a summary of the main data of the financial statements of Supermercados Peruanos S.A. and Subsidiaries and InRetail Pharma S.A. and Subsidiaries as of June 30, 2021 and December 31, 2020, and for the six -month periods ended June 30, 2021 and 2020:

	<u>Supermercados Peruanos S.A. and Subsidiaries</u>		<u>InRetail Pharma S.A and Subsidiaries</u>	
	<u>As of June 30, 2021</u>	<u>As of December 31, 2020</u>	<u>As of June 30, 2021</u>	<u>As of December 31, 2020</u>
	S/(000)	S/(000)	S/(000)	S/(000)
<b>Consolidated statements of financial position</b>				
Total assets	7,142,489	6,718,941	6,001,204	5,803,532
Total liabilities	6,077,322	5,428,755	5,425,485	4,988,781
Equity	1,065,167	1,290,186	575,719	814,751
	<b>Balance as of June 30, 2021</b>	<b>Balance as of June 30, 2020</b>	<b>Balance as of June 30, 2021</b>	<b>Balance as of June 30, 2020</b>
	S/(000)	S/(000)	S/(000)	S/(000)
<b>Consolidated income statements</b>				
Operating profit	222,321	163,748	329,028	280,630
Net profit	22,227	26,507	58,983	110,803

The combined financial statements as of June 30, 2021 were approved by management of InRetail Perú Corp. on August 12, 2021.

### (c) Acquisitions and disposal of subsidiaries

- Acquisition of Makro Supermayorista S.A.  
In December 2020, InRetail Perú Corp., through its subsidiaries Supermercados Peruanos S.A. and InRetail Foods, acquired 100 percent of Makro Supermayorista S.A. (hereinafter “Makro”). Makro is a cash-and-carry wholesaler that sells food and non-food products to professional as well as individual customers. The acquisition operation included 16 stores in Lima and Provinces and the “Makro” and other minor private label brands.

The price of the transaction was US\$359,619,000 (equivalent to approximately S/1,300,743,000), which was paid in full with the proceeds from the Bridge Facility. The Bridge Facility was for an amount up to US\$375,000,000 (equivalent to approximately S/1,356,000,000), was arranged with J.P. Morgan Chase Bank, N.A. and contains covenants, including restrictions on incurrence of debt and maintenance of certain financial ratios, among others (see note 15(b) y 15(c)).



## Notes to the combined financial statements

The acquisition of Makro was recorded in accordance with IFRS 3 "Business Combinations", applying the "Purchase" accounting method. Under this method, assets and liabilities were recorded at their estimated fair values at the date of purchase, including identified intangible assets not recorded in the financial statements position of each entity acquired.

The following is the preliminary fair values of the identifiable assets and liabilities of Makro at the date of acquisition:

	<b>Fair value of the acquired entity S/(000)</b>
<b>Assets</b>	
Cash and short-term deposits	88,144
Trade accounts receivables, net	1,807
Other accounts receivables	48,541
Inventories, net	121,409
Property, installations, furniture and equipment, net	692,592
Right-of- use-assets, net	23,884
Intangibles, net	182,045
Other assets	1,719
<b>Liabilities</b>	
Trade accounts payables	(252,077)
Other accounts payables	(54,292)
Lease liabilities	(26,404)
Interest-bearing loans and borrowings	(59,755)
Deferred income tax liabilities, net	(122,225)
<b>Total net assets identified at fair value</b>	<b>645,388</b>
Goodwill generated in the acquisition, note 12 (d)	655,355
<b>Purchase price transferred</b>	<b>1,300,743</b>

The recorded goodwill amounting to S/655,355,000 represents the future synergies that are expected to arise from the combination of operations, distribution channels, workforce and other efficiencies not included in the intangible assets of the present value of the current business.

Considering that the acquisition date was December 23, 2020, the fair values of the identifiable assets and liabilities of Makro correspond to preliminary amounts. In Management's opinion, they will have the final balances and finish the measurement period during 2021, which is in accordance to IFRS 3.

## Notes to the combined financial statements

- Disposal of subsidiaries

On January 22 and February 26, 2021, InRetail Pharma Group transferred 100 percent of its participation in Química Suiza Colombia S.A.S. and Cifarma S.A.C. for approximately US\$1,958,000 (equivalent to S/7,093,000) and US\$9,399,000 (equivalent to S/34,298,000), to non-related entities.

On October 5, 2020, InRetail Pharma Group sold its shareholder interest in its Bolivian subsidiary Mifarma S.A. for approximately US\$2,000,000 (equivalent to S/7,233,000) to non-related entities.

The following are the assets and liabilities, at the date of disposals:

	2021		2020
	Química Suiza Colombia S.A.A. S/(000)	Cifarma S.A.C. (Perú) S/(000)	Mifarma S.A. (Bolivia) S/(000)
<b>Assets</b>			
Cash and short-term deposits	2,085	2,514	1,399
Inventories, net	4,487	20,001	8,522
Property, furniture and equipment, net	207	10,617	809
Right-of-use-assets, net	57	16,960	891
Intangible assets, net	-	6,907	-
Other	9,533	25,475	610
	<b>16,369</b>	<b>82,474</b>	<b>12,231</b>
<b>Liabilities</b>			
Trade accounts payables	6,709	14,018	7,586
Lease liabilities	92	20,164	890
Other	5,154	6,641	2,327
	<b>11,955</b>	<b>40,823</b>	<b>10,803</b>
<b>Net value</b>	<b>4,414</b>	<b>41,651</b>	<b>1,428</b>

(d) Pandemic

In March 2020, the World Health Agency "WHO" declared the coronavirus outbreak as a pandemic. The Company and its Subsidiaries have taken all the appropriate measures to safeguard the health of workers and ensure their critical processes.

In order to reduce the impact on the Peruvian economy, the Peruvian Government granted a subsidy of 35 percent of monthly salaries up to S/1,500 and, only for labor contracts that do not set a term or end after March 15, 2020. The subsidy was paid to the Company's Subsidiaries in April for an amount of approximately S/6,289,000.

From March 16 to June 21, 2020, the shopping centers were partially closed; only the stores related to essential services such as: supermarkets, pharmacies and banks remained open. For this reason, during this period the Company and its Subsidiaries granted discounts to their tenants for income and other related services. On June 22, 2020, the opening of non essential retail was authorized by Government. In this context, Malls complied with the restrictions ruled by the Government operating at maximum visitor capacity. These effects are included in the consolidated financial statements.

## Notes to the combined financial statements

On January 26, 2021, the government of Peru announced new quarantine measures for the country to contain the virus, applying different measures in each region according to four different alert levels: extreme, very high, high and moderate. Measures were initially applicable for 15 days, from January 31, 2021 to February 15, 2021, but were extended to February 28, 2021. In this context, shopping centers in extreme risk regions were only allowed to operate essential retail and e-commerce. Shopping centers in other risk level regions were allowed to operate non-essential retail, but maximum visitor capacity was reduced to levels between 20% and 60%.

On February 24, 2021, the government of Peru announced the lifting of the quarantine measures in the country from March 1, 2021 to March 14, 2021. During this period, all shopping centers were allowed to operate both essential and non-essential retail, but with restrictions on maximum visitor capacity between 20% and 60% which varied depending on the tenant and risk level in each region.

On April 14, 2021, the government of Peru announced that, due to an increase in infections, several regions of the country would return to the level of extreme risk, where the allowed capacity in shopping centers will be 20% that will govern from April 19 to May 5, 2021.

These restrictions due not affect essential activities such as the supply of pharmaceutical and supermarkets.

The Company and its Subsidiaries operate mainly in the supermarkets and pharmacies, both business segments are considered essential. The Company's Management and its subsidiaries estimate that the pandemic will not have a significant impact on the combined financial statements.

### 2. Summary of significant accounting policies

The significant accounting policies used in the preparation and presentation of the Companies combined financial statements are described below:

#### (a) Basis of preparation and presentation

The interim condensed combined financial statements of the Companies have been prepared and presented solely to comply with certain obligations as a result of the issuance made by InRetail Consumer. Likewise, the financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) effective as of June 30, 2021 and December 31, 2020.

The interim condensed combined financial statements have been prepared on a historical cost basis, except for financial instruments at fair value through profit and loss, financial instruments at fair value through other comprehensive income, investment properties and derivative financial instruments, that have been measured at fair value. The interim condensed combined financial statements and other financial assets are presented in Soles and all values are rounded to the nearest thousand (S/(000)), except when otherwise indicated.

The interim condensed combined financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Companies annual combined financial statements as of December 31, 2020.

## Notes to the combined financial statements

### (b) Basis of combination

The interim condensed combined financial statements comprise the consolidated financial statements of the Companies and their Subsidiaries, which have been prepared under IFRS; see Note 1. For purposes of these consolidated financial statements, subsidiaries are fully consolidated from the date of acquisition; being the date on which Supermercados Peruanos S.A. or InRetail Pharma S.A. obtained control, and continue to be consolidated until the date when such control ceases. The financial statements of the subsidiaries are prepared for the same period as the parent company, using consistent accounting policies. All intra-group balances, transactions, unrealized gains and losses resulting from intra-group transactions and dividends are eliminated in full.

The combined financial statements result from the addition of the balances of all the accounts of the Companies consolidated financial statements; however, there is not any relationship as a parent and subsidiaries. The significant transaction among the Companies balances and profit and losses have been eliminated. The combined financial statements are prepared using uniform accounting policies for similar transactions and events, which are described in the following notes to the combined financial statements.

Additionally, the combined financial statements include some assets, liabilities and results as a consequence of transactions made by InRetail Perú Corp. that are directly related to the Companies. The main combined adjustments and intercompany eliminations are explained below:

- (i) Intercompany eliminations of balances and transactions, that mainly correspond to commercial transactions between the Companies (rental and/or rights of use of property, sale of merchandise vouchers, key money, etc.)
- (ii) The “Inkafarma” commercial brand and goodwill recorded in the consolidated financial statement of InRetail Perú Corp. and Subsidiaries as a consequence of the acquisition of InRetail Pharma S.A. (former Eckerd Perú S.A.) and Subsidiaries in January 2011 for approximately S/373,054,000 and S/709,472,000, respectively; see Note 12(b). Likewise, the deferred tax liability related to this commercial brand amounts to approximately S/111,916,000.

### (c) New standards, interpretations and amendments

The accounting policies adopted in the preparation of the interim condensed combined financial statements are consistent with those followed in the preparation of the Companies annual combined financial statements for the year ended December 31, 2020, except for the adoption of the new standards and interpretations as of January 1, 2020.

## Notes to the combined financial statements

The standards, improvements and modifications to the standards issued that are in effect on the date of issuance of these combined financial statements are detailed below:

- (i) **Amendments to IFRS 3 “Business combinations”:** Reference to the Conceptual Framework  
In May 2020, the IASB issued Amendments to IFRS 3, intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989 with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The Board also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential ‘Day 2’ gain or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 “Levies”, if uncured separately.

At the same time, the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements. The amendments are effective for annual reporting periods beginning on or after January 1, 2022 and apply prospectively.

Since the amendments apply prospectively to transactions or other events that occur on or after the date of the first application, the Companies and its subsidiaries Group will not be affected by these amendments on transition.

- (ii) **Modifications to IAS 1 "Presentation of financial statements" Classification of Liabilities as Current or Non-current**

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify: (i) what is meant by a right to defer settlement; (ii) that a right to defer must exist at the end of the reporting period; (iii) that classification is unaffected by the likelihood that an entity will exercise its deferral right; and, (iv) that only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification. The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and must be applied retrospectively.

The companies and its subsidiaries is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

- (iii) **Amendments to IAS 16 “Property, plant and equipment”:** Proceeds before intended Use  
May 2020, the IASB issued amendments to IAS 16, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss. The amendment is effective for annual reporting periods beginning on or after January 1, 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

## Notes to the combined financial statements

The amendments are not expected to have a material impact on the Companies and its subsidiaries.

(iv) Amendments to IAS 37 “Provisions, contingent liabilities and contingent assets”: Onerous Contracts – Costs of Fulfilling a Contract

In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a “directly related cost approach”. The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The amendments are effective for annual reporting periods beginning on or after January 1, 2022.

The Companies and its subsidiaries will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

(v) Annual Improvements (2018-2020 cycle)

As part of its 2018-2020 annual improvement to IFRS standards process, the IASB issued the following amendments:

- IFRS 1 “First-time Adoption of international financial reporting standards”: Subsidiary as a first-time adopter

The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent’s date of transition to IFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1. The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted.

- IFRS 9 “Financial instruments”: Fees in the 10 percent test for derecognition of financial liabilities

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other’s behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted.

## Notes to the combined financial statements

- IAS 41 “Agriculture”: Taxation in fair value measurements  
The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41. An entity applies the amendment prospectively to fair value measurements on or after the beginning of the first annual reporting period beginning on or after January 1, 2022 with earlier adoption permitted.

In the Management's opinion, these standards will not have a significant impact on the consolidated financial statements of the Companies and its Subsidiaries.

### 3. Transactions in foreign currency

Transactions in foreign currency are carried out using exchange rates prevailing in the market as published by the Superintendence of Banks, Insurance and Pension Funds Administration. As of June 30, 2021, the end of period exchange rates in the market for transactions in US Dollars were S/3.849 per US\$1 bid and S/3.866 per US\$1 ask (S/3.618 and S/3.624 per US\$1 bid and ask as of December 31, 2020).

Transactions in foreign currency are carried out using exchange rates prevailing in the market as published by authorized entities of the country in which the Company and its Subsidiaries operate. As of June 30, 2021 and December 31, 2020, the end of period exchange rate at the market for transactions of the different currency in relation to the Sol are as following:

Exchange rate per Soles	2021	2020
U. S. Dollars (US\$)	0.259	0.276
Bolivian Peso (b\$)	1.800	1.921
Colombian Peso (\$)	-	947.158

As of June 30, 2021 and December 31, 2020, the companies held the following foreign currency assets and liabilities:

	Balance as of June 30, 2021			As of December 31, 2020		
	US\$(000)	B\$ (000)	\$ (000)	US\$(000)	B\$ (000)	\$ (000)
<b>Assets</b>						
Cash and short-term deposits	111,804	24,531	-	30,905	18,278	621,811
Investments at fair value through profit or loss	-	-	-	7,503	-	-
Investments at fair value through equity	13,341	-	-	21,737	-	-
Trade receivables, net	52,383	49,105	-	57,381	47,684	9,054,828
Other accounts receivables, net	10,650	4,218	-	4,661	4,732	-
Accounts receivable from related parties	7,373	-	-	838	-	-
<b>Total assets</b>	<b>195,551</b>	<b>77,854</b>	<b>-</b>	<b>123,025</b>	<b>70,694</b>	<b>9,676,639</b>
<b>Liabilities</b>						
Trade payables	(121,652)	(14,916)	-	(115,566)	(16,909)	(4,310,221)
Other payables	(14,871)	(7,255)	-	(10,760)	(8,111)	-
Accounts payable to related parties	(104)	-	-	(1,211)	-	-
Lease liability	(277,528)	(1,865)	-	(272,762)	(1,983)	-
Interest - bearing loans and borrowings	(629,970)	-	-	(788,427)	-	(2,989,968)
<b>Total Liabilities</b>	<b>(1,044,125)</b>	<b>(24,036)</b>	<b>-</b>	<b>(1,188,726)</b>	<b>(27,003)</b>	<b>(7,300,189)</b>
Call Spread	600,000	-	-	400,000	-	-
<b>Net (liability) asset position</b>	<b>(248,574)</b>	<b>53,818</b>	<b>-</b>	<b>(665,701)</b>	<b>43,691</b>	<b>2,376,450</b>

## Notes to the combined financial statements

- (a) As of June 30, 2021, InRetail Pharma S.A., Supermercados Peruanos S.A. and InRetail Consumer, Subsidiaries of the Company, reduced their exchange rate risk with three hedging operations through Call Spreads written over its “Senior Secured Notes”, and intercompany loans, which were considered an effective hedging instruments. The Call Spreads were written over a nominal amount of US\$288,000,000, US\$288,000,000 and US\$24,000,000 respectively, and will be effective until the cancelation of the “Senior Secured Notes” and Intercompany loans. See further detail in Note 9.

These instruments cover 100 percent of the exposure in foreign currency of the principal amount and protects it from exchange rate variations between S/3.70 and S/4.20 per US\$1.00 for the “Senior Secured Notes” and Intercompany loans. The premium price was financed in installments equal to that of the issue.

- (b) As of December 31, 2020, InRetail Pharma S.A., reduced its exchange rate risk with one hedging operation, a Call Spread written over its “Senior Notes Unsecured”, which was considered an effective hedging instrument. The Call Spread was written over a nominal amount of US\$400,000,000, and was effective until the cancelation of the “Senior Notes Unsecured”. InRetail Pharma settled the Call Spread early. See further detail in Note 9.

#### 4. Cash and short-term deposits

- (a) The table below presents the components of this account:

	As of June 30, 2021 S/(000)	As of December 31, 2020 S/(000)
Cash	37,601	7,154
Current accounts (b)	504,795	602,432
Time deposits (c)	257,658	167,102
Remittances in transit	80,846	130,360
<b>Total</b>	<b>880,900</b>	<b>907,048</b>

- (b) The Companies maintain current accounts in local banks in local currency of each country and US Dollars that do not accrue interest and are freely available.
- (c) As of June 30, 2021, time deposits are freely available and are kept in Soles and US Dollars, in local banks, have maturities up to a month since inception and bear interest of 2.00 percent annual in Soles and between 0.01 and 2.84 percent annual in US Dollars (between 0.01 and 0.12 percent annual in Soles, between 1.50 and 1.62 percent annual in Colombian Pesos and between 0.05 and 0.10 percent annual in US Dollars as of December 31, 2020).



## Notes to the combined financial statements

### 5. Trade receivables, net

(a) The table below presents the components of this caption:

	As of June 30, 2021 S/(000)	As of December 31, 2020 S/(000)
Trade accounts receivable (c)	615,909	575,770
Credit card operations (d)	72,000	65,392
Rent receivable (e)	3,966	3,758
Others	3,024	2,209
<b>Total</b>	<b>694,899</b>	<b>647,129</b>
Provision for doubtful accounts (f)	(60,695)	(57,873)
<b>Total</b>	<b>634,204</b>	<b>589,256</b>

(b) Trade receivables are denominated in local currency of each country and US Dollars, have current maturities and do not bear interest.

(c) Corresponds mainly to trade receivables from sale of inventories and from the sale of merchandise vouchers to various companies and public institutions. At the date of this report, these balances are mostly collected.

(d) Corresponds mainly to pending deposits in favor of Supermercados Peruanos and InRetail Pharma Group for the last day of the month, respectively, held by credit card operators and originated from the sales of goods with credit cards in the different stores of Supermercados Peruanos and InRetail Pharma.

(e) Corresponds to accounts receivable for the lease of commercial premises to concession holders inside the stores of Supermercados Peruanos S.A.

(f) The movements in the provision for doubtful accounts receivable for the six -month periods ended June 30, 2021 and 2020, were as follows:

	2021 S/(000)	2020 S/(000)
<b>Balance at the beginning of the year</b>	<b>57,873</b>	<b>49,519</b>
Provision recognized as year expense, Note 19 (a)	5,214	4,758
Recoveries, Note 19 (a)	(1,933)	(571)
Write-off and recoveries	(1,163)	(265)
Exchange difference	1,440	309
Other	(736)	949
<b>Balance at the end of the period</b>	<b>60,695</b>	<b>54,699</b>
<b>Balance as of December 31, 2020</b>		<b>57,873</b>

As of June 30, 2021 and December 31, 2020, the amount of trade receivables past due but not impaired amounted to approximately S/109,350,000 and S/92,026,000, respectively. The overdue items which have a payment agreement by the customer, are not considered impaired.

In the opinion of Management, the provision for doubtful accounts receivable as of June 30, 2021 and December 31, 2020 appropriately covers the credit risk of this item at those dates.

## Notes to the combined financial statements

### 6. Inventories, net

(a) The composition of this item is presented below:

	As of June 30, 2021 S/(000)	As of December 31, 2020 S/(000)
Goods, Note 19 (a)	2,217,084	1,957,282
Finished goods, Note 19 (a)	458	455
Raw material, Note 19 (a)	-	19,552
In transit inventories (b)	176,881	198,653
Miscellaneous supplies	6,560	4,464
<b>Total</b>	<b>2,400,983</b>	<b>2,180,406</b>
<b>Minus</b>		
Provision for impairment of inventories (c)	(28,779)	(21,885)
<b>Total</b>	<b>2,372,204</b>	<b>2,158,521</b>

(b) Corresponds to goods and miscellaneous supplies imported by the Companies.

(c) The changes in the provision for inventory impairment for the six-month periods ended as of June 30, 2021 and 2020 were as follows:

	2021 S/(000)	2020 S/(000)
<b>Balance at the beginning of the year</b>	21,885	15,346
Provision of the period, Note 19 (a)	19,348	22,326
Recovery	(4,146)	(51)
Write-off	(8,455)	-
Foreign currency translation	147	205
<b>Balance at the end of the period</b>	<b>28,779</b>	<b>37,826</b>
<b>Balance as of December 31, 2020</b>		<b>21,885</b>

The provision for inventory impairment is determined based on stock turnover, discounts granted for the liquidation of the merchandise and other characteristics based on periodic evaluations performed by the Management.

### 7. Investment at fair value through equity

As of June 30, 2021, the Company has other investments at fair value through equity for an amount of US\$13,341,000 equivalent to S/51,351,000 (US\$14,942,000 equivalent to S/54,061,000 as of December 31, 2020).

The fair value of these instruments is determined by the price quotes published in an active market.

As of June 30, 2021 and December 31, 2020, the unrealized result net of deferred tax is S/11,195,000 and S/12,858,000 respectively and is presented in the combined statement of changes in equity.

## Notes to the combined financial statements

### 8. Prepayments

(a) The table below presents the composition of this caption:

	As of June 30, 2021 S/(000)	As of December 31, 2020 S/(000)
Prepaid rent	1,556	1,136
Insurance	3,858	1,755
Prepaid tax	11,173	906
Others	18,358	9,119
<b>Total</b>	<b>34,945</b>	<b>12,916</b>

### 9. Derivatives financial instruments

As of June 30, 2021, this item comprises of three principal Call Spread contracts (one as of December 31, 2020) designated to hedge cash flows from exchange rate variations and recorded at its fair value. The details of these operations are as follows:

Counterparty	Nominal value US\$(000)	Due	Pay fix at %	Book value of	Fair value	Fair value
				the hedged item S/(000)	2021 S/(000)	2020 S/(000)
Citibank N.A. (a)	400,000	May 2023	1.27	1,449,600	-	112,273
Citibank N.A. (b)	288,000	March 2028	-	1,113,408	79,150	-
Citibank N.A. (b)	288,000	March 2028	1.04	1,113,408	72,881	-
Citibank N.A. (b)	24,000	March 2028	1.04	92,784	6,351	-
<b>Total</b>					<b>158,382</b>	<b>112,273</b>

- (a) In March 2021, InRetail Pharma settled the Call Spread early, which maturity was in May 2023 and which hedged the issuance of senior notes by InRetail Pharma up to a value of US\$400,000,000 (see note 15(d)). The early settlement of the derivative included the settlement of the liability created by the financing received from Citibank N.A. for the acquisition of the derivative; as of December 31, 2020, the value of said liability amounted to around US\$9,874,000 (equivalent to around S/35,785,000) (see note 15). As a result of this transaction, a total net expense of S/70,141,000 was generated, which is presented as “Financial expenses from the early settlement of Call Spread” in the consolidated income statement; see note 20.

## Notes to the combined financial statements

- (b) In March 2021, InRetail Perú corp. through its Subsidiaries, InRetail Pharma S.A., Supermercados Peruanos S.A. and InRetail Consumer (Special Purpose Entity), decided to carry out three hedging operations for US\$288,000,000, US\$288,000,000 and US\$24,000,000, respectively, through three Call Spreads of foreign currency for the financial obligations of the “Senior Secured Notes”, which were issued in March 2021, and the intercompany loans related to the issue. From the date of issue of the “Senior Notes Unsecured” for the purposes of IFRS 9 were classified as effective hedging instruments, see note 15 (b).

As of June 30, 2021, these instruments cover 100 percent of the exposure in foreign currency of the principal of the issues and protects exchange rate variations between S/3.70 and S/4.20 per US\$1.00. The premium price of Supermercados Peruanos S.A. and InRetail Consumer was financed.

### 10. Property, furniture and equipment, net

- (a) The table below presents the changes and composition of this caption:

	As of June 30, 2021 S/(000)	As of December 31, 2020 S/(000)
<b>Cost</b>		
<b>Initial balance</b>	<b>5,601,952</b>	<b>4,659,456</b>
Acquisition of subsidiary	-	816,587
Additions (b)	217,083	216,247
Disposals and/or sales (c)	(24,176)	(91,284)
Disposal of subsidiary	(54,834)	(4,145)
Transfer to intangible assets, Note 12 (a)	-	(271)
Transfer from investment properties, Note 11 (a)	2,165	47
Foreign currency translation	3,807	5,315
<b>Final balance</b>	<b>5,745,997</b>	<b>5,601,952</b>
<b>Accumulated depreciation</b>		
<b>Initial balance</b>	<b>1,760,096</b>	<b>1,489,739</b>
Acquisition of subsidiary	-	123,995
Additions, Note 19 (a)	122,950	216,661
Disposals and/or sales	(19,773)	(70,971)
Disposal of subsidiary	(44,010)	(3,336)
Foreign currency translation	3,283	4,008
<b>Final balance</b>	<b>1,822,546</b>	<b>1,760,096</b>
<b>Net book value</b>	<b>3,923,451</b>	<b>3,841,856</b>

- (b) Correspond mainly to the construction and equipment for the new premises of Supermercados Peruanos S.A. and the InRetail Pharma Group.

## Notes to the combined financial statements

- (c) Correspond mainly to assets sold and to the disposal of unusable assets as a result of the process of changing formats in some premises. The resulting income or expense has been included in the “Other operating income” or “Other operating expenses” caption of the combined income statement, respectively.
- (d) As of June 30, 2021, the cost and corresponding accumulated depreciation of assets acquired through finance leases was approximately S/753,137,000 and S/305,652,000 respectively (S/542,875,000 and S/145,970,000 respectively, as of December 31, 2020).
- (e) The Companies maintain insurance policies on their main assets in accordance with policies established by Management.
- (f) Depreciation expense for the six-month period ended June 30, 2021 and 2020, was recorded as follows in the income statement:

	2021 S/(000)	2020 S/(000)
Cost of sales, Note 19 (a )	975	2,928
Sales expenses, Note 19 (a )	114,848	96,186
Administrative expenses, Note 19 (a )	7,127	6,339
<b>Balance as of June 30</b>	<b>122,950</b>	<b>105,453</b>
<b>Balance as of December 31, 2020</b>		<b>216,661</b>

### 11. Investment properties

- (a) The table below presents the composition of this caption:

	As of June 30, 2021 S/. (000)	As of December 31, 2020 S/. (000)
<b>Balance at the beginning of the year</b>	<b>282,245</b>	<b>289,990</b>
Additions	729	7,760
Transfer to property, furniture and equipment, Note 10 (a)	(2,165)	(47)
Loss on valuation	(1,045)	(15,458)
<b>Total</b>	<b>279,764</b>	<b>282,245</b>

- (b) As of June 30, 2021, investment properties include eleven properties located in Lima, Moquegua, Tacna, Puno, Tumbes and Tarapoto held to earn income.
- (c) As of June 30, 2021 and December 31, 2020, Management of the Companies performed an evaluation of their investment properties, and has not found any indication of impairment.

## Notes to the combined financial statements

### 12. Intangible assets, net

(a) The table below presents the changes and composition of this caption:

	As of June 30, 2021 S/(000)	As of December 31, 2020 S/(000)
<b>Cost</b>		
<b>Initial balance</b>	<b>1,548,357</b>	<b>1,395,796</b>
Acquisition of subsidiary	-	116,239
Additions	145,571	39,312
Disposal and/or sales	(1,485)	(3,091)
Disposal of subsidiaries	(8,499)	(525)
Transfer from property, furniture and equipment	-	271
Foreign currency translation	288	355
<b>Final balance</b>	<b>1,684,232</b>	<b>1,548,357</b>
<b>Accumulated amortization</b>		
<b>Initial balance</b>	<b>357,730</b>	<b>232,154</b>
Acquisition of subsidiary	-	54,212
Additions, Note 19 (a)	96,142	72,278
Disposals and/or sales	(1,452)	(698)
Disposal of subsidiaries	(1,592)	(525)
Foreign currency translation	263	309
<b>Final balance</b>	<b>451,091</b>	<b>357,730</b>
<b>Goodwill</b>		
<b>Initial balance</b>	<b>2,722,074</b>	<b>1,982,106</b>
Additions (d)	-	739,968
Adjustment for purchase price allocation	(84,613)	-
<b>Final balance</b>	<b>2,637,461</b>	<b>2,722,074</b>
<b>Net, book value</b>	<b>3,870,602</b>	<b>3,912,701</b>

(b) As of June 30, 2021 and December 31, 2020, this caption mainly includes approximately S/373,054,000 corresponding to the Inkafarma brand, S/395,355,000 to the Mifarma brand, S/120,018,000 to the Makro brand, S/17,791,000 to the Química Suiza brand, S/15,911,000 to the Ninet brand and S/3,024,000 to other brands.

The brands are tested for impairment annually (as of December 31) and when circumstances indicate that the carrying value may be impaired. The InRetail Consumer Group carry out the impairment test for goodwill and intangible assets with indefinite useful lives based on value-in-usage calculations using a discounted cash flow model.

(c) As of June 30, 2021 and December 31, 2020, additions mainly correspond to: (i) disbursements for the acquisition of a commercial software program, a general planning system (ERP) and related licenses; (ii) disbursements for implementation of softwares and licenses in new stores of InRetail Consumer Group and (iii) recognition of trademarks and other intangibles from the acquisition of the Quicorp Group, see Note 1 (b).

## Notes to the combined financial statements

- (d) As of June 30, 2021, this caption mainly includes the goodwill, as a result of the acquisition of the Quicorp Group S/1,272,634,000, InRetail Pharma S/709,472,000 and Makro Supermayorista S/655,355,000. See Note 1(b).

Goodwill is initially measured at cost and after initial recognition they are measured at cost less impairment loss. An impairment test of goodwill and unlimited life brands are carried out annually.

### 13. Trade payables

- (a) The table below presents the composition of this caption:

	As of June 30, 2021 S/(000)	As of December 31, 2020 S/(000)
Bills payable for purchase of goods	3,193,183	2,903,428
Bills payable for commercial services	264,281	247,873
Provision for services and maintenance	110,893	97,560
<b>Total</b>	<b>3,568,357</b>	<b>3,248,861</b>

- (b) This caption mainly includes obligations to non-related local and foreign suppliers, denominated in local currency and US Dollars, with current maturities and do not bear any interest. There have been no liens granted on these obligations.

The Companies offer their suppliers access to an accounts payable service arrangement provided by third-party financial institutions. This service allows the suppliers to sell their receivables to the financial institutions in an arrangement separately negotiated by the supplier and the financial institution, enabling suppliers to better manage their cash flow and reduce payment processing costs. The Companies have no direct financial interest in these transactions. All of the Companies obligations, including amounts due, remain due to its suppliers as stated in the supplier agreements.

## Notes to the combined financial statements

### 14. Leases

- (a) The InRetail Consumer Group maintains leasing contracts for land, buildings, facilities and vehicles used for its operations. Leases of land, buildings and facilities generally have terms of 1 to 40 years, and leases of vehicles have terms of 3 to 4 years. The Companies and its Subsidiaries have obligations under its leases, which are guaranteed by the lessor's title of the leased assets.

There are several leases that include extension and termination options and variable payments. The companies and its Subsidiaries have also entered into certain leases of premises with terms of 12 months or less and leases of low-value office equipment. The Companies and its Subsidiaries apply the short-term and low-value lease exemptions for these kind of leases.

- (b) The movement of this caption for the six-month period ended as of June 30, 2021 and December 31, 2020, is as follows:

	Land S/(000)	Buildings, infrastructure and facilities S/(000)	Vehicles S/(000)	As of June 30, 2021 S/(000)	As of December 31, 2020 S/(000)
<b>Cost</b>					
<b>Initial balance</b>	<b>3,511</b>	<b>2,165,631</b>	<b>3,092</b>	<b>2,172,234</b>	1,875,377
Acquisition of subsidiary	-	-	-	-	27,873
Additions	-	177,974	315	178,289	298,978
Cancellation of contract	-	(10,121)	-	(10,121)	(29,064)
Disposals	-	-	-	-	(3,271)
Disposal of subsidiaries	-	(25,459)	(109)	(25,568)	-
Foreign currency translation	-	3,237	171	3,408	2,341
<b>Final balance</b>	<b>3,511</b>	<b>2,311,262</b>	<b>3,469</b>	<b>2,318,242</b>	<b>2,172,234</b>
<b>Accumulated depreciation</b>					
<b>Initial balance</b>	<b>120</b>	<b>625,576</b>	<b>733</b>	<b>626,429</b>	<b>316,396</b>
Acquisition of subsidiary	-	-	-	-	3,989
Additions, Note 19 (a)	29	169,328	460	169,817	317,935
Cancellation of contract	-	(6,967)	-	(6,967)	(10,702)
Disposals	-	-	-	-	(2,380)
Disposal of subsidiaries	-	(8,502)	(49)	(8,551)	-
Foreign currency translation	-	1,252	71	1,323	1,191
<b>Final balance</b>	<b>149</b>	<b>780,687</b>	<b>1,215</b>	<b>782,051</b>	<b>626,429</b>
<b>Net book value</b>	<b>3,362</b>	<b>1,530,575</b>	<b>2,254</b>	<b>1,536,191</b>	<b>1,545,805</b>

Depreciation expense for the six-month period ended June 30, 2021 and 2020, was recorded as follows in the combined income statement:

	2021 S/(000)	2020 S/(000)
Cost of sales, Note 19 (a)	1,579	2,593
Sales expenses, Note 19 (a)	163,208	156,194
Administrative expenses, Note 19 (a)	5,030	2,380
<b>Balance as of June 30</b>	<b>169,817</b>	<b>161,167</b>
<b>Balance as of December 31, 2020</b>		<b>317,935</b>



## Notes to the combined financial statements

(c) The movement of the lease liability caption, as of June 30, 2021 and December 31, 2020, is as follows:

	<b>As of June 30, 2021</b>	<b>As of December 31, 2020</b>
	<u>S/(000)</u>	<u>S/(000)</u>
<b>Initial balance</b>	<b>1,646,870</b>	<b>1,532,492</b>
Acquisition of subsidiary	-	26,404
Additions	178,289	298,978
Increase for accrued interest, Note 20	60,516	112,764
Amortization	(212,478)	(391,879)
Cancellation of contract	-	(890)
Disposal	(3,226)	(18,877)
Disposal of subsidiaries	(20,256)	-
Payments made at the beginning of the contract	(2,606)	(437)
Prepaid rent	-	(5,569)
Exchange rate	61,811	92,580
Foreign currency translation	2,087	1,304
<b>Final balance</b>	<b><u>1,711,007</u></b>	<b><u>1,646,870</u></b>
Current	274,108	229,726
Non-current	1,436,899	1,417,144
<b>Total</b>	<b><u>1,711,007</u></b>	<b><u>1,646,870</u></b>

Additionally, in the six-month period ended as of June 30, 2021 and 2020, interest related to the lease liability of S/60,516,000 and S/54,690,000 respectively has been accrued.

## Notes to the combined financial statements

### 15. Interest-bearing loans and borrowings

(a) The table below presents the composition of interest-bearing loans and borrowings:

Type of obligation	Original currency	Interest rate %	Final maturity	Original amount		Total		Current		Non-current			
				US\$ (000)	\$ (000)	S/(000)	2021	2020	2021	2020	2021	2020	
							S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	
<b>Notes Senior Unsecured</b>													
Senior Secured Notes (b)	PEN	4.900	2028	-	-	555,000	548,644	-	-	-	-	548,644	-
Senior Secured Notes (b)	USD	3.250	2028	600,000	-	-	2,293,378	-	-	-	-	2,293,378	-
Senior Notes Unsecured (d)	PEN	6.438	2025	-	-	385,800	384,226	384,041	-	-	-	384,226	384,041
Senior Notes Unsecured (d)	USD	5.375	2023	400,000	-	-	-	1,436,872	-	-	-	-	1,436,872
				<b>1,000,000</b>	<b>-</b>	<b>940,800</b>	<b>3,226,248</b>	<b>1,820,913</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,226,248</b>	<b>1,820,913</b>
<b>Leasing</b>													
<b>Related entities</b>													
Banco Internacional del Perú-Interbank	PEN	3.990	2026	-	-	101,963	101,436	101,275	-	-	-	101,436	101,275
<b>Non-related entities</b>													
Banco de Crédito del Perú	PEN	7.250	2021	-	-	13,596	-	317	-	317	-	-	-
Banco Interamericano de Finanzas	PEN	7.500	2021	-	-	11,196	-	1,001	-	1,001	-	-	-
Banco Interamericano de Finanzas	PEN	Between 5.240 and 7.250	2022	-	-	24,915	10,323	14,556	8,844	8,590	1,479	5,966	8,414
Banco Continental	PEN	4.950	2024	-	-	18,150	10,232	12,007	3,680	3,593	6,552	8,414	8,414
Banco de Crédito del Perú	PEN	5.620	2023-2025	-	-	13,425	13,424	13,424	3,035	3,039	10,389	10,385	10,385
Banco de Crédito del Perú	PEN	5.050	2025-2026	-	-	18,767	18,767	18,767	4,615	4,620	14,152	14,147	14,147
Banco Santander del Perú	PEN	Between 6.920 and 7.650	2022	-	-	1,419	459	644	391	378	68	266	266
Banco Continental	PEN	4.950	2021	-	-	129	-	19	-	19	-	-	-
				<b>-</b>	<b>-</b>	<b>203,560</b>	<b>154,641</b>	<b>162,010</b>	<b>20,565</b>	<b>21,557</b>	<b>-</b>	<b>134,076</b>	<b>140,453</b>

## Notes to the combined financial statements

Type of obligation	Original currency	Interest rate %	Final maturity	Original amount			Total		Current		Non-current	
				US\$ (000)	\$ (000)	S/(000)	2021	2020	2021	2020	2021	2020
				S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	
<b>Loans (h)</b>												
<b>Related entities</b>												
Banco Internacional del Perú-Interbank	PEN	3.990	2026	-	-	198,037	195,528	196,923	-	-	195,528	196,923
Banco Internacional del Perú-Interbank (g)	PEN	1.650	2021	-	-	161,950	-	103,363	-	22,970	-	80,393
Banco Internacional del Perú-Interbank	PEN	0.400	2021	-	-	35,000	-	35,000	-	35,000	-	-
Banco Internacional del Perú-Interbank (g)	PEN	3.750	2026	-	-	220,000	218,132	-	-	-	218,132	-
<b>Non-related entities</b>												
Banco Scotiabank (e)	PEN	Between 4.200 and 5.070	2022, 2024 and 2026	-	-	925,100	776,181	764,164	174,841	109,272	601,340	654,892
Banco Continental	PEN	4.150	2025	-	-	120,000	119,197	119,103	9,000	3,000	110,197	116,103
Banco Scotiabank (f)	PEN	3.750	2026	-	-	330,000	327,199	-	-	-	327,199	-
Banco Scotiabank (f)	PEN	4.700	2025	-	-	161,950	-	103,380	-	22,973	-	80,407
Banco de Crédito del Perú	PEN	0.820	2021	-	-	45,000	-	45,000	-	45,000	-	-
Banco de Crédito del Perú	PEN	1.070	2021	-	-	8,000	-	8,000	-	8,000	-	-
Banco Scotiabank	PEN	1.180	2021	-	-	21,000	-	21,000	-	21,000	-	-
Banco Scotiabank	PEN	0.459	2021	-	-	21,000	21,000	-	21,000	-	-	-
Banco Scotiabank	PEN	Between 0.500 and 0.550	2021	-	-	15,000	30,000	-	30,000	-	-	-
Banco de Crédito del Perú	PEN	0.590	2021	-	-	30,000	30,000	-	30,000	-	-	-
Banco de Crédito del Perú	PEN	0.470	2021	-	-	20,000	20,000	-	20,000	-	-	-
Banco Citibank	USD	5.000	2022	10,000	-	-	26,849	30,203	21,479	10,068	5,370	20,135
Banco Pichincha	USD	7.50	2021	300	-	-	1,160	1,087	1,160	1,087	-	-
BBVA Banco Continental	COP	6.100	2021	-	89,968	-	-	94	-	94	-	-
Banco Continental	COP	6.030	2023	-	2,900,000	-	-	3,061	-	1,052	-	2,009
				<b>10,300</b>	<b>2,989,968</b>	<b>2,363,037</b>	<b>1,765,246</b>	<b>1,430,378</b>	<b>307,480</b>	<b>279,516</b>	<b>1,457,766</b>	<b>1,150,862</b>
<b>Foreign loan</b>												
J.P. Morgan Chase Bank N.A. (c)	USD	1.438	2021	375,000	-	-	-	1,344,679	-	1,344,679	-	-
				<b>375,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,344,679</b>	<b>-</b>	<b>1,344,679</b>	<b>-</b>	<b>-</b>
<b>Call spread financing, Note 9</b>												
Citibank N.A.	USD	3.176	2028	18,659	-	-	72,134	-	11,301	-	60,833	-
Citibank N.A.	USD	3.176	2028	1,555	-	-	6,011	-	775	-	5,236	-
Citibank N.A.	USD	6.473	2023	18,297	-	-	-	35,785	-	15,977	-	19,808
				<b>38,511</b>	<b>-</b>	<b>-</b>	<b>78,145</b>	<b>35,785</b>	<b>12,076</b>	<b>15,977</b>	<b>66,069</b>	<b>19,808</b>
<b>Other obligations to third parties (i)</b>												
Hewlett Packard S.A.	USD	Between 1.450 and 5.564	2024	5,431	-	-	11,266	10,506	5,169	4,635	6,097	5,871
Hewlett Packard S.A.	USD	2.930	2024 and 2026	8,549	-	-	23,863	16,316	7,049	6,253	16,814	10,063
Hewlett Packard S.A.	USD	Between 2.850 and 4.360	2024 and 2026	1,539	-	-	1,539	-	347	-	1,192	-
				<b>15,519</b>	<b>-</b>	<b>-</b>	<b>36,668</b>	<b>26,822</b>	<b>12,565</b>	<b>10,888</b>	<b>24,103</b>	<b>15,934</b>
<b>Total</b>				<b>1,439,330</b>	<b>2,989,968</b>	<b>3,507,397</b>	<b>5,260,948</b>	<b>4,820,587</b>	<b>352,686</b>	<b>1,672,617</b>	<b>4,908,262</b>	<b>3,147,970</b>

## Notes to the combined financial statements

- (b) In March 2021, InRetail Consumer (Special Purpose Entity) issued Senior Secured Notes for US\$600,000,000 (equivalent to S/2,319,600,000 as of June 30, 2021) and S/555,000,000 in the local market and abroad (Luxembourg); said obligations were recorded in the consolidated financial statements at amortized cost at an effective annual interest rate of 3.447 and 5.105, respectively, after considering the corresponding initial charges of around US\$6,783,000 (equivalent to around S/26,222,000) and S/6,356,000, respectively.

The funds obtained from these issuances were mainly used to repay the bridge loan mentioned in note 1 (b). As a result of these issuances, certain obligations and restrictive clauses must be complied with until its maturity and settlement. In the opinion of Management, these clauses do not limit the operations of InRetail Consumer and its subsidiaries and have been complied with as of June 30, 2021.

- (c) In December 2020, InRetail Pharma S.A. received a loan of US\$375,000,000 equivalent to S/1,344,679,000 as of December 31, 2020 (S/1,356,375,000 at the disbursement date) granted by J.P. Morgan Chase Bank N.A. with a one-year maturity and interest at the Libor rate plus a margin. This loan was partially used for the acquisition of Makro Supermayorista S.A. US\$359,619,000. In March 2021, the loan was fully paid.
- (d) In May 2018, InRetail Pharma S.A., issued debt instruments ("Notes") denominated in US Dollars through a private offer to institutional investors under Rule 144 A and Regulation S, for US\$400,000,000 equivalent to S/1,449,600,000 as of December 31, 2020 that accrued an interest of 5.375 percent per annual, with a maturity of 5 years and with semiannual payments of interest and the principal in a single installment upon maturity of the securities. This borrowing was recorded in the consolidated financial statement at amortized cost to an effective interest rate of 5.778 percent, after considering the respective up-front fees that amounted to US\$3,512,000 equivalent to approximately S/12,728,000 as of December 31, 2020. As of December 31, 2020, the balance of this loan is S/1,436,872,000. In March 2021, the Senior Notes Unsecured were pre-paid.

As indicated in note 9 (a), the Call Spread related to these bonds was settled in advance in the month of March 2021.

Also, in May 2018, the Company issued debt instruments ("Notes") denominated in Soles for S/385,800,000 that bear an annual interest rate of 6.4375 percent, maturing in 7 years and with semiannual interest payments and the principal in a single installment upon maturity of the securities. This borrowing was recorded in the consolidated financial statement at amortized cost to an effective interest rate of 6.559 percent, after considering the respective up-front fees that amounted to S/1,574,000 as of June 30, 2021 (S/1,759,000 as of December 31, 2020).

As a result of these issues, InRetail Pharma must comply, until their maturity and full payment, with certain obligations and covenants.

## Notes to the combined financial statements

In the opinion of Management, these covenants do not limit the operations of the Company and its Subsidiaries and have been complied satisfactorily and are within the agreed limits as of June 30, 2021 and December 31, 2020. Likewise, 100 percent of the "Senior Notes Unsecured" is guaranteed by the shares of InRetail Pharma S.A. and Subsidiaries.

- (e) During 2020, the Company received an additional loan from Scotiabank Perú S.A.A. for S/150,000,000, which accrues a nominal interest of 4.20 percent per annum, maturing in 2022; this loan was acquired mainly to pre-pay existing debts with different financial entities and the balance was used as working capital to open new stores. During 2019 and 2018, the Company received loans from Scotiabank Perú S.A.A. for S/250,000,000 and S/525,100,000, at nominal rates of between 4.20 and 5.07 percent per annum and with maturities between 2022, 2024 and 2026, respectively. As of June 30, 2021 and December 31, 2020, the outstanding balances are represented net of their structuring commission.
- (f) In July 2018, InRetail Pharma S.A. received a loan from Scotiabank Peru S.A.A. of S/161,950,000 that accrues a nominal annual interest of 4.70 percent, due in April 2025, payable in quarterly installments. Said loan is recorded at amortized cost at an effective rate of 4.775 percent, after considering the initial charges of S/731,000 as of December 31, 2020.

InRetail Pharma S.A. amortized the debt for the amount of S/57,839,000 as of December 31, 2020. In March 2021, the loan was fully paid.

In March 2021, the company obtained a loan for S/330,000,000 that accrues an annual nominal interest of 3.750 percent maturing in March 2026, payable in quarterly installments. Said loan is recorded at its amortized cost at an effective annual rate of 4.031 percent, after considering the additional charges of S/2,801,000 as of June 30, 2021.

- (g) In July 2018, InRetail Pharma S.A. received a loan from Banco Internacional del Perú Interbank of S/161,950,000 that accrues a nominal annual interest of 4.70 percent, due in April 2025, payable in quarterly installments. Said loan is recorded at amortized cost at an effective rate of 4.775 percent, after considering the initial charges of S/748,000 as of December 31, 2020.

InRetail Pharma S.A. amortized the debt for the amount of S/57,839,000 as of December 31, 2020. In March 2021, the loan was fully paid.

In March, 2021, the company obtained a loan for S/220,000,000 that accrues an annual nominal interest of 3.750 percent maturing in March 2026, payable in quarterly installments. Said loan is recorded at its amortized cost at an effective annual rate of 4.031 percent, after considering the additional charges of S/1,868,000 as of June 30, 2021.

## Notes to the combined financial statements

- (h) Promissory notes and bank loans are used to fund working capital and do not have any specific guarantee. Leasing operations are guaranteed by the assets related to them; see Note 10. Such obligations do not have any special conditions that must be complied with covenants or restrictions affecting the operations of the Companies.
- (i) Corresponds to the debt that Supermercados Peruanos S.A. and InRetail Pharma S.A. incurred with Hewlett Packard S.A. to purchase computer equipment. Said contracts do not have any specific guarantee.
- (j) Debts and interest – bearing loans payable are as follows:

	<b>As of June 30, 2021</b>	<b>As of December 31, 2020</b>
	S/(000)	S/(000)
2021	257,733	1,672,617
2022	330,146	381,469
2023	167,019	1,640,494
2024	272,731	602,412
2025	767,173	506,109
2026 onwards	3,466,146	17,486
<b>Total</b>	<b>5,260,948</b>	<b>4,820,587</b>

- (k) During the six-months period ended June 30, 2021 and 2020, loans and borrowings accrued interests which are recorded in the “Financial expenses” caption of the combined income statement, see Note 20. Also, as of June 30, 2021 and December 31, 2020, there are interest payable which are recorded in the “Other payables” caption of the combined statements of financial position.

## Notes to the combined financial statements

### 16. Income tax

- (a) The amounts presented in the combined statement of financial position as of June 30, 2021 and December 31, 2020, as well as the combined statements of comprehensive income for the six -month periods ended June 30, 2021 and 2020 are shown below:

Statements of financial position	As of June 30, 2021		As of December 31, 2020	
	Assets	Liabilities	Assets	Liabilities
	S/(000)	S/(000)	S/(000)	S/(000)
InRetail Pharma S.A.	57,888	-	25,882	-
Eckerd Amazonia S.A.C.	999	-	861	-
Boticas del Oriente S.A.C.	856	-	673	-
Química Suiza S.A.C.	-	47,667	-	48,915
Cifarma S.A.C.	-	-	852	-
Vanttive S.A.C.	64	-	46	-
Droguería InRetail Pharma S.A.C.	2,686	-	1,793	-
Quicorp S.A.	1,704	-	931	-
Quifatex S.A.	9,275	-	8,201	-
Vanttive Cía Ltda.	120	-	101	-
Farmacias Peruanas S.A.C.	3,972	-	136	-
Quimiza Ltda.	673	-	766	-
Química Suiza S.A. S.A.S. (formerly Quideca S.A.)	-	-	766	-
Mifarma S.A.C.	32,106	-	26,337	-
Albis S.A.C.	14,248	-	16,047	-
Jorsa de la Selva S.A.C.	1,559	-	1,495	-
Supermercados Peruanos S.A.	-	21,967	-	47,262
Plaza Veá Oriente S.A.C.	4,289	-	3,758	-
Makro Supermayorista S.A.	-	17,137	-	11,713
Combination adjustment	(889)	346,331	(642)	343,389
<b>Total</b>	<b>129,550</b>	<b>433,102</b>	<b>88,003</b>	<b>451,279</b>

Statements of comprehensive income	Income tax for the six-month periods ended June 30, 2021 and 2020	
	2021	2020
	S/(000)	S/(000)
Current	(134,201)	(121,963)
Deferred	89,976	48,684
<b>Income tax expense</b>	<b>(44,225)</b>	<b>(73,279)</b>

- (b) As of June 30, 2021 the of provision for current income tax payable, amounts to approximately S/5,059,000 (S/73,682,000 as of December 31, 2020).

## Notes to the combined financial statements

### 17. Equity

#### (a) Capital stock

Company	N° issued common shares		Nominal value	Accounting balance of issued capital	
	As of June 30, 2021	As of December 31, 2020		As of June 30, 2021	As of December 31, 2020
	S/. (000)	S/. (000)	S/. (000)	S/. (000)	
Supermercados Peruanos S.A. and Subsidiaries (*)	330,428,609	330,428,609	1.05	346,950	346,950
InRetail Pharma S.A. and Subsidiaries	13,783,379	13,783,379	1.00	13,784	13,784

(\*) As of June 30, 2021 and 2020, 40,417,207 common shares were pending to be regularized; corresponding to cash contributions made during 2014 and 2013, and which were made on par, thus generating a share-issued gain totaling S/327,429,000. During 2019, 10,149,713 shares were issued, at a value of S/1.05 per share, with 40,417,207 shares pending to be regularized.

(b) Additional paid-in capital: As of June 30, 2021 and December 31, 2020, the "Additional paid-in capital" caption includes the net effect of the adjustments related to the acquisition of InRetail Pharma S.A. and Subsidiaries at said dates; see Note 12(b).

(c) Legal reserve: As provided in the Corporation Act, it is required that a minimum of 10 percent of distributable income for each year is transferred to a legal reserve until such reserve equals 20 percent of the capital. The legal reserve can absorb losses or be capitalized, but in both cases it must be replenished. The legal reserve is appropriated when the General Shareholders' Meeting approves the same.

(d) Treasury shares: As of September 30, 2018, the Company and its subsidiaries acquired 8,507 shares issued by Supermercados Peruanos, for a total of S/39,000, the nominal value of said shares being S/9,000, with a difference of S/30,000 as a decrease of the capital premium.

(e) Dividends

During 2021 and 2020, it was agreed to distribute dividends of S/241,758,000 and S/338,526,000, respectively.



## Notes to the combined financial statements

### 18. Tax Situation

- (a) The Companies domiciled in Peru, Ecuador, Bolivia and Colombia are subject to the tax regime of each country and calculate the income tax based on their individual financial statements. As of June 30, 2021 and December 31, 2020, the income tax rate is:

Country	%
Perú	29.5
Ecuador	25.0
Bolivia	25.0
Colombia	33.0

- (b) Entities and individuals not domiciled in Perú are subject to retention of an additional tax on dividends received. In this regard, attention to Legislative Decree N° 1261, published on December 10, 2016 and effective since January 1, 2017, the additional tax on dividend income generated is as follows:
- 4.1 percent of the profits generated until December 31, 2014
  - For the profits generated in the years 2015 and 2016 shall be 6.8 percent.
  - 5.0 percent for the profits generated since January 1, 2017.
- (c) According to the text of the Law on Income Tax, as amended by Law N° 29663 and 29757, as of year 2012, among the transactions subject to capital duty, are those obtained by the indirect sale of shares of Peruvian Companies. For these purposes, an indirect transfer is set when two instances occur together:
- First, 10 percent on more of the shares of non-resident must be sold in any twelve months period; and,
  - Second, the market value of the shares of the Peruvian society must represent 50 percent or more the market value of non-domiciled, in any period of twelve months.
- (d) For purposes of determining the Income Tax, transfer pricing of transactions with related companies and companies domiciled in territories with low or no taxation must be supported with documentation and information on assessment methods applied and criteria considered. Based on the analysis of the operations of the Group, Management and its legal advisors consider that as consequence of the application of the regulation in force, there will not be any significant contingencies for the Companies as of June 30, 2021 and December 31, 2020.
- (e) The tax authority is legally entitled to review and, if necessary, adjust the Income Tax computed during a term of four years following the year in which the tax declaration was submitted.

## Notes to the combined financial statements

Following are the years subject to review by the tax authority of the Companies:

	Income Tax	Value added tax
Supermercados Peruanos S.A.	From 2014 to 2020	From 2016 to 2021
Plaza Vea Oriente S.A.C.	From 2018 to 2020	From 2018 to 2021
Plaza Vea Sur S.A.C.	From 2016 to 2020	From 2017 to 2020
Desarrolladora de Strip Center S.A.C.	From 2016 to 2020	From 2017 to 2021
InRetail Pharma S.A. (antes Eckerd Perú S.A.)	From 2016 to 2020	From 2017 to 2021
Eckerd Amazonía S.A.C.	From 2016 to 2020	From 2017 to 2021
Boticas del Oriente S.A.C.	From 2016 to 2020	From 2017 to 2021
Quicorp S.A.	From 2016 to 2020	From 2017 to 2021
Química Suiza S.A.C.	From 2017 to 2020	From 2017 to 2021
Mifarma S.A.C.	From 2015 to 2020	From 2017 to 2021
Albis S.A.C.	From 2016 to 2020	From 2017 to 2021
Jorsa de la Selva S.A.C.	From 2016 to 2020	From 2017 to 2021
Vanttive S.A.C.	From 2016 to 2020	From 2017 to 2021
Superfarma Mayoristas S.A.C.	From 2016 to 2019	From 2017 to 2019
Quimiza Ltda. (Bolivia)	From 2015 to 2020	From 2015 to 2021
Quifatex S.A. (Ecuador)	From 2019 to 2020	From 2019 to 2021
Patrimonio Fideicomiso Mercantil de acciones Quifatex S.A.	From 2018 to 2019	From 2019 to 2021
Vanttive Cía. Ltda (Ecuador)	From 2016 to 2020	From 2016 to 2021
Farmacias Peruanas S.A. (FASA)	From 2017 to 2018	From 2017 to 2018
Boticas Torres de Limatambo S.A.C	From 2017 to 2018	From 2017 to 2018
Droguería La Victoria S.A.C.	From 2016 to 2018	From 2017 to 2018
Química Suiza Comercial S.A.C.	From 2016 to 2018	From 2017 to 2018
Farmacias Peruanas S.A.C.	2020	From 2020 to 2021
Droguería InRetail Pharma S.A.C.	From 2019 to 2020	From 2019 to 2021
Makro Supermayorista S.A.	From 2016 to 2020	From 2017 to 2021
InRetail Foods S.A.C.	2020	From 2020 to 2021

According to Peruvian law, InRetail Consumer is not considered an income taxpayer due to its status as a trust. InRetail Consumer attributes its generated results, the net losses and Income Tax credits on foreign source income, to the holders of its certificates of participation or whoever holds those rights.

Due to possible interpretations that the authority may give to legislation, it is not possible to determine, to date, whether the reviews will result in liabilities for the Companies. Therefore, any major tax or surcharge that may result from eventual revisions by the tax authority would be charged to the combined statements of comprehensive income of the period in which said tax or surcharge is determined.

Management's opinion as well as its legal advisors opinion, any eventual additional tax settlement would not be significant to the combined financial statements as of June 30, 2021 and December 31, 2020.

## Notes to the combined financial statements

- (f) As of June 30, 2021 and December 31, 2020, estimated losses from previous periods for Subsidiaries for tax purposes are the following:

	<b>2021</b>	<b>2020</b>
	S/ (000)	S/ (000)
Albis S.A.C.	26,470	39,395
InRetail Pharma S.A.	111,871	-
Quicorp S.A	<u>149</u>	<u>3,155</u>
<b>Total</b>	<b><u>138,490</u></b>	<b><u>42,550</u></b>

According to what the Income Tax Act and its amendments establish, entities domiciled in Peru have the faculty to choose one of the following methods to draw their tax losses:

- i. The tax loss can be offset with future profits until its final extinction by applying said loss to up to 50 percent of the taxable income; or
- ii. The tax loss can be used for four years after it has been generated.

Albis S.A.C. and Quicorp S.A. have chosen method (i) and InRetail Pharma S.A. method (ii).

## Notes to the combined financial statements

### 19. Operating expenses

(a) The table below presents the components of this caption:

	2021	2020
	S/(000)	S/(000)
Cost of sales	6,154,614	4,767,046
Selling expenses	1,425,755	1,201,926
Administrative expenses	260,912	204,964
<b>Total</b>	<b>7,841,281</b>	<b>6,173,936</b>

The table below presents the components of operating expenses included in cost of sales, sales and administrative expenses captions:

	2021			
	Cost of sales	Selling expenses	Administrative expenses	Total
	S/(000)	S/(000)	S/(000)	S/(000)
Initial balance of goods	2,012,314	-	-	2,012,314
Initial balance of raw material, Note 6 (a)	19,552	-	-	19,552
Initial balance of miscellaneous supplies, Note 6 (a)	550	-	-	550
Final balance of finished goods, Note 6 (a)	455	-	-	455
Purchase of goods	6,297,923	-	-	6,297,923
Final balance of goods, Note 6 (a)	(2,217,084)	-	-	(2,217,084)
Final balance of raw material, Note 6 (a)	-	-	-	-
Final balance of miscellaneous supplies, Note 6 (a)	(458)	-	-	(458)
Impairment of inventories, Note 6 (c)	19,348	-	-	19,348
Factory overhead	4,702	-	-	4,702
Cost of services	13,641	-	-	13,641
Personnel expenses	-	527,422	146,400	673,822
Depreciation, Note 10 (a)	975	114,848	7,127	122,950
Depreciation of right-of uses asset, Note 14 (b)	1,579	163,208	5,030	169,817
Amortization, Note 12 (a)	78	87,265	8,799	96,142
Services provided by third parties (b)	-	254,238	57,975	312,213
Advertising	-	66,748	20	66,768
Packing and packaging	-	14,775	403	15,178
Rental of premises	-	15,491	141	15,632
Low-value asset leases	1,039	3,337	6,835	11,211
Taxes	-	21,563	13,840	35,403
Provision for doubtful trade receivables, Note 5(g)	-	5,153	61	5,214
Recovery of doubtful trade receivables, Note 5 (g)	-	(1,855)	(78)	(1,933)
Provision for doubtful other account receivables	-	239	312	551
Recovery of doubtful other account receivables	-	(915)	-	(915)
Insurance	-	11,615	980	12,595
Other charges (c)	-	142,623	13,067	155,690
<b>Total</b>	<b>6,154,614</b>	<b>1,425,755</b>	<b>260,912</b>	<b>7,841,281</b>

## Notes to the combined financial statements

	2020			
	Cost of sales	Selling expenses	Administrative expenses	Total
	S/(000)	S/(000)	S/(000)	S/(000)
Initial balance of goods,	1,773,215	-	-	1,773,215
Initial balance of raw material	15,204	-	-	15,204
Initial balance of miscellaneous supplies	1,008	-	-	1,008
Initial balance of finished goods	189	-	-	189
Purchase of goods	4,763,024	-	-	4,763,024
Final balance of goods	(1,822,022)	-	-	(1,822,022)
Final balance of raw material	(15,583)	-	-	(15,583)
Final balance of miscellaneous supplies	(564)	-	-	(564)
Impairment of inventories	22,326	-	-	22,326
Cost of services	11,365	-	-	11,365
Factory overhead	13,234	-	-	13,234
Personnel expenses	-	463,516	132,484	596,000
Depreciation, Note 10 (a)	2,928	96,186	6,339	105,453
Depreciation of right-of uses asset, Note 14 (b)	2,593	156,194	2,380	161,167
Amortization, Note 12 (a)	141	29,413	5,913	35,467
Services provided by third parties (b)	-	219,439	32,389	251,828
Advertising	-	44,955	2	44,957
Packing and packaging	-	15,246	68	15,314
Rental of premises	-	16,211	18	16,229
Low-value asset leases	61	6,554	6,152	12,767
Taxes	-	18,820	3,947	22,767
Provision for doubtful trade receivables, Note 5 (f)	-	3,005	1,753	4,758
Recovery of doubtful trade receivables, Note 5 (f)	-	(571)	-	(571)
Recovery of doubtful other account receivables	-	(145)	(68)	(213)
Insurance	-	10,775	695	11,470
Other charges (c)	-	122,052	12,866	134,918
<b>Total</b>	<b>4,767,046</b>	<b>1,201,926</b>	<b>204,964</b>	<b>6,173,936</b>

(b) Correspond mainly to expenses of electricity, water, telephone, premises maintenance services and transport services.

(c) Mainly include general expenses in stores.

## Notes to the combined financial statements

### 20. Financial income and expenses

(a) The table below presents the components of this caption:

	2021 S/(000)	2020 S/(000)
<b>Finance income</b>		
Interest and others	3,639	5,610
Dividends	973	734
Interest from loans to related parties	246	63
<b>Total</b>	<b>4,858</b>	<b>6,407</b>
<b>Finance cost</b>		
Interest on loans, borrowings and bonds payable	102,818	91,533
Interest on lease liabilities, Note 14 (c)	60,516	54,690
Accrual of the cost of structuring of financial obligations	19,892	3,528
Accrual of the cost of structuring by early settlement of "Senior Notes Unsecured" (d)	12,134	-
Interest on the financing of "Call Spread"	1,195	1,433
Expenses for advanced settlement of "Call Spread" (e)	70,141	-
Premium accrual "Call Spread"	8,723	6,040
Interest on loans to related parties	158	108
Premium for early settlement of bonds (c)	47,530	-
Other financial costs	6,498	6,613
<b>Total</b>	<b>329,605</b>	<b>163,945</b>

- (b) As of June 30, 2021 and December 31, 2020, there are interest payable for these obligations for approximately S/38,706,000 and S/23,542,000, respectively, which are recorded in the "Other payables" caption of the combined statements of financial position.
- (c) As of June 30, 2021, includes the premium corresponding to the early redemption of the "Senior Notes Unsecured" issued by InRetail Pharma in Dollars for US\$12,794,000 equivalent to S/47,530,000.
- (d) As of June 30, 2021, corresponds to the accrual of the structuring costs related to the early redemption of the "Senior Notes Unsecured" issued by InRetail Pharma in Dollars for US\$3,284,000 equivalent to S/12,134,000.
- (e) As of June 30, 2021, it corresponds to the transfer of other comprehensive income to income for the period, related to the early settlement of the "Call Spread". See Note 9(a).

## Notes to the combined financial statements

### 21. Transactions with related parties

- (a) The following table provides the total amount of transactions with related parties for the relevant financial periods ended June 30, 2021 and 2020:

	2021 S/(000)	2020 S/(000)
<b>Income</b>		
Sales	12,789	14,293
Rental income	11,741	10,354
Sales of fixed assets	-	2,087
Services income	2,909	1,848
Interest income	246	69
Other	22,826	19,425
<b>Total</b>	<b>50,511</b>	<b>48,076</b>
<b>Expenses</b>		
Renting of premises and land	3,873	2,216
Reimbursement of expenses	11,382	2,719
Expenses from joint venture	-	2,195
Commissions	1,799	1,384
Interest	158	118
Others	13,676	19,145
<b>Total</b>	<b>30,888</b>	<b>27,777</b>

- (b) As a result of the transactions with related companies, the Companies recorded the following balances of receivables and payables as of June 30, 2021 and December 31, 2020:

	As of June 30, 2021 S/(000)	As of December 31, 2020 S/(000)
<b>Receivables</b>		
Intercorp Retail Inc. (d)	27,244	-
Financiera Oh! S.A.	14,628	29,531
Homecenters Peruanos S.A.	6,202	3,072
IR Management S.R.L.	3,076	3,368
Tiendas Peruanas S.A.	1,457	1,845
Home Centers Oriente S.A.C.	1,210	1,212
Other	17,725	7,820
<b>Total</b>	<b>71,542</b>	<b>46,848</b>

## Notes to the combined financial statements

	As of June 30, 2021	As of December 31, 2020
	S/(000)	S/(000)
<b>Payables</b>		
Interproperties Holding (g)	49,658	50,150
Homecenters Peruanos S.A (g)	41,065	40,228
Financiera Oh! (e)	13,012	18,676
IR Management S.R.L.	2,764	1,832
Tiendas Peruanas S.A	1,196	1,508
Real Plaza S.A.	950	1,045
Inmobiliaria Milenia S.A.	746	254
Banco Internacional del Perú S.A.A. – Interbank:		
Guarantee deposit (e)	3,399	3,393
Others	1,522	2,901
<b>Total</b>	<b>114,312</b>	<b>119,987</b>
Remunerations payable to key management	-	-
<b>Total</b>	<b>114,312</b>	<b>119,987</b>
Current portion	23,505	29,439
Non-current portion	90,807	90,548
<b>Total</b>	<b>114,312</b>	<b>119,987</b>

The policy of the InRetail Consumer Group is to make transactions with related companies at terms equivalent to those that prevail in arm's length transactions.

- (c) Outstanding balances at the year-end are unsecured and interest free, except for the financial obligations explained in note 15. There have been no guarantees provided or received for any related party receivables or payables. For the six month periods end June 30, 2021 and 2020, the Companies have not recorded any impairment of receivables relating to amounts owed by related parties. This assessment is undertaken each financial year by examining the financial position of the related party and the market in which the related party operates.
- (d) In April 2021, the Company granted a loan to Intercorp Retail Inc. of US\$12,000,000 (equivalent to S/45,096,000 on the date of disbursement) that accrues an annual nominal interest of 1.670 percent and matures in July 2021. In June 2021, Intercorp Retail made an amortization of US\$5,000,000 equivalent to S/19,925,000. As of June 30, 2021, the outstanding balance receivable is US\$7,000,000 equivalent to S/27,062,000.

For the six months ended June 30, 2021, an interest of S/182,000 was accrued, which was recorded in the caption "Financial income" of the consolidated statement of income. Likewise, as of June 30, 2021, accumulated interest receivable of US\$47,000 equivalent to S/182,000 is maintained.

- (e) In June, 2013, Supermercados Peruanos S.A. and Financiera Oh! S.A., a related entity, signed the "Contract of Issuance and Administration of the "Oh!" credit card". This contract allows that Financiera Oh! S.A. can exclusively operate its "Oh!" credit card in the Supermercados Peruanos stores.

Likewise, as a consequence of such contract, as of June 30, 2021 and December 31, 2020, Supermercados Peruanos S.A. holds accounts payable to Financiera Oh! S.A. for approximately S/13,012,000 and S/18,222,000 respectively, which corresponded mainly to the collection of installments to users of the "Oh!" credit card, which normally are transferred to Financiera Oh! S.A. the day following of its collection.



## Notes to the combined financial statements

- (f) During 2020, Supermercados Peruanos S.A. renewed the contracts with Banco Internacional del Perú to rent financial modules located within our stores for an amount of S/3,393,000 as of June 30, 2021 and December 31, 2020. As of June 30, 2021 and December 31, 2020, the net present value of the balances related to the guarantee deposits amounted to S/3,399,000 and S/3,393,000, respectively.
- (g) As of June 30, 2021 mainly includes contributions from the affiliates Patrimonio en Fideicomiso D.S. N°093-2002-EF Interproperties Perú and Homecenters Peruanos S.A. for approximately S/47,850,000 and S/39,558,000, respectively (S/48,570,000 and S/39,124,000 as of December 31, 2020), these contributions arise from the joint venture agreements celebrated with the Company which establishes that the associates undertake to deliver cash in favor of the Company in exchange of having a participation in the results of the projects Mall "La Curva", "Tarapoto" and "Lurin". These agreements have a term of 30 and 60 years, respectively. For this reason it is recognized as long-term liability.

### 22. Deferred revenue

The table below presents the components of this caption:

	As of June 30, 2021 S/(000)	As of December 31, 2020 S/(000)
Other operating leases as lessor	20,337	17,513
Loyalty program	12,462	11,162
Other deferred revenue	12,652	10,144
<b>Total</b>	<b>45,451</b>	<b>38,819</b>
Current portion	16,341	13,678
Non-current portion	29,110	25,141
<b>Total</b>	<b>45,451</b>	<b>38,819</b>

In 2009, Supermercados Peruanos S.A. signed a rental agreement with Patrimonio en Fideicomiso D.S. N°093-2002-EF Interproperties Perú, of a property located in Arequipa for a period of 30 years. During the year 2016, the Company received from its related party Patrimonio en Fideicomiso D.S. N°093-2002-EF Interproperties Perú S/15,300,000 as lost profits for the transfer to a third party, of a part of the property leased by the Company. As of June 30, 2021, the balance is S/7,712,000 (S/8,740,000 as of December 31, 2020). During 2021, S/208,000 has been recognized as accrued amount as an income (S/421,000, during 2020).

### 23. Commitments and contingencies

Commitments –

The main commitments assumed are presented below:

- (a) As of June 30, 2021, the Company and its Subsidiaries agreed with various financial entities to issue joint and irrevocable surety letters for amounts approximately S/62,442,000, US\$1,403,000, €20,748,000 and B\$193,000 (S/63,094,000, US\$6,785,000 and B\$104,000 as of December 31, 2020) and letters of credit for amounts ascending approximately US\$44,111,000 (US\$31,975,000 as of December 31, 2020), for the fulfillment of the payment for the purchase of merchandise from foreign suppliers and commitment to faithful fulfillment of the contract.

## Notes to the combined financial statements

- (b) In May 2018 the Company issued debt instruments in the local and abroad markets for S/385,800,000 and US\$400,000,000, respectively, which is guaranteed by the following subsidiaries: Quicorp S.A., Química Suiza S.A.C., Mifarma S.A.C. and Albis S.A.C.

### Contingencies –

- (a) InRetail Pharma S.A., Albis S.A.C., Química Suiza S.A.C., Mifarma S.A.C., Jorsa de la Selva S.A.C. and Vanttive S.A.C. maintain various civil, labor and tax legal processes for a total amount of approximately S/82,674,000. In Management's opinion and its legal advisors, such legal processes must be resolved favorably for these components; consequently, it is not necessary to recognize additional related liabilities as of June 30, 2021 and 2020.
- (b) Eckerd Amazonia S.A.C. is in the process to claim against the Tax Authority for determinations of debts and fines related to VAT for the period between January 2003 and June 2005 for approximately S/17,859,000. In Management's opinion and its legal advisors, these contingencies are considered as "Possible" and significant liabilities will not arise as result of these as of June 30, 2021 and 2020.
- (c) Supermercados Peruanos S.A. maintains labor processes and other processes related to its business operation by approximately S/4,347,000 and S/5,464,000, respectively, classified as "possible".
- (d) Supermercados Peruanos S.A. has been audited for the years 2004 to 2015, 2013 and 2015. As of the date of this report, the Company has challenged these rulings and, in the opinion of Management and its legal advisors, no significant liabilities will arise as a result of these situation, as of June 30, 2021 and December 31, 2020.

## 24. Business segments

For management purposes, the Companies are organized into business units based on their products and services and they have two reportable segments i) Food Retail and ii) Pharma. No operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the combined financial statements.

Transfer pricing between operating segments is on an arm's length basis in a manner similar to all transactions with third parties.

## Notes to the combined financial statements

The following table presents the financial information of Companies by business segments for the six -month periods ended June 30, 2021 and 2020:

	Pharma				Total Pharma S/(000)	Total segments S/(000)	Combination adjustments and intercompany eliminations S/(000)	Combined S/(000)
	Food retail S/(000)	Pharmacies S/(000)	Manufacturing Distribution and Marketing S/(000)	Adjustments and intercompany eliminations S/(000)				
<b>For the six-month periods ended June 30, 2021</b>								
<b>Revenue</b>								
External income	4,390,944	2,973,643	1,022,439	-	3,996,082	8,387,026	-	8,387,026
Inter-segment	6,833	21,011	365,631	(372,600)	14,042	20,875	(20,875)	-
<b>Total revenue</b>	<b>4,397,777</b>	<b>2,994,654</b>	<b>1,388,070</b>	<b>(372,600)</b>	<b>4,010,124</b>	<b>8,407,901</b>	<b>(20,875)</b>	<b>8,387,026</b>
Cost of sales	(3,372,861)	(1,923,829)	(857,924)	-	(2,781,753)	(6,154,614)	-	(6,154,614)
Inter-segment	-	(14,599)	(362,481)	366,447	(10,633)	(10,633)	10,633	-
<b>Gross profit</b>	<b>1,024,916</b>	<b>1,056,226</b>	<b>167,665</b>	<b>(6,153)</b>	<b>1,217,738</b>	<b>2,242,654</b>	<b>(10,242)</b>	<b>2,232,412</b>
Loss on valuation at fair value of investment	(1,045)	-	-	-	-	(1,045)	-	(1,045)
Selling expenses	(686,189)	(587,387)	(86,292)	(74,566)	(748,245)	(1,434,434)	8,679	(1,425,755)
Administrative expenses	(112,694)	(106,543)	(33,897)	1,242	(139,198)	(251,892)	(9,020)	(260,912)
Other operating expenses, net	(2,667)	1,130	1,562	(3,959)	(1,267)	(3,934)	8	(3,926)
<b>Operating profit</b>	<b>222,321</b>	<b>363,426</b>	<b>49,038</b>	<b>(83,436)</b>	<b>329,028</b>	<b>551,349</b>	<b>(10,575)</b>	<b>540,774</b>
Exchange difference, net	(90,106)	(26,270)	4,048	-	(22,222)	(112,328)	1,004	(111,324)
Finance income	1,418	119,369	115,318	(231,721)	2,966	4,384	474	4,858
Finance costs	(98,717)	(216,157)	(3,304)	160	(219,301)	(318,018)	(11,587)	(329,605)
<b>Profit before income tax</b>	<b>34,916</b>	<b>240,368</b>	<b>165,100</b>	<b>(314,997)</b>	<b>90,471</b>	<b>125,387</b>	<b>(20,684)</b>	<b>104,703</b>
Income tax expense	(12,689)	(41,574)	(14,884)	24,970	(31,488)	(44,177)	(48)	(44,225)
<b>Profit for the year</b>	<b>22,227</b>	<b>198,794</b>	<b>150,216</b>	<b>(290,027)</b>	<b>58,983</b>	<b>81,210</b>	<b>(20,732)</b>	<b>60,478</b>
<b>Attributable to:</b>								
Owner of the parent	22,227	198,794	150,216	(290,027)	58,983	81,210	(13,072)	68,138
Non-controlling interests	-	-	-	-	-	-	(7,660)	(7,660)
<b>Profit for the year</b>	<b>22,227</b>	<b>198,794</b>	<b>150,216</b>	<b>(290,027)</b>	<b>58,983</b>	<b>81,210</b>	<b>(20,732)</b>	<b>60,478</b>

## Notes to the combined financial statements

	Pharma				Total Pharma	Total segments S/(000)	Combination adjustments and intercompany eliminations S/(000)	Combined S/(000)
	Food retail S/(000)	Pharmacies S/(000)	Manufacturing Distribution and Marketing S/(000)	Adjustments and intercompany eliminations S/(000)				
<b>For the six-month periods ended June 30, 2020</b>								
<b>Revenue</b>								
External income	3,254,686	2,503,305	862,918	-	3,366,223	6,620,909	-	6,620,909
Inter-segment	5,075	8,566	333,379	(325,842)	16,103	21,178	(21,178)	-
<b>Total revenue</b>	<b>3,259,761</b>	<b>2,511,871</b>	<b>1,196,297</b>	<b>(325,842)</b>	<b>3,382,326</b>	<b>6,642,087</b>	<b>(21,178)</b>	<b>6,620,909</b>
Cost of sales	(2,426,762)	(1,615,745)	(724,539)	-	(2,340,284)	(4,767,046)	-	(4,767,046)
Inter-segment	-	(10,078)	(320,128)	318,206	(12,000)	(12,000)	12,000	-
<b>Gross profit</b>	<b>832,999</b>	<b>886,048</b>	<b>151,630</b>	<b>(7,636)</b>	<b>1,030,042</b>	<b>1,863,041</b>	<b>(9,178)</b>	<b>1,853,863</b>
Loss from joint venture	(2,195)	-	-	-	-	(2,195)	-	(2,195)
Loss on valuation at fair value of investment	(9,310)	-	-	-	-	(9,310)	-	(9,310)
Selling expenses	(576,056)	(523,147)	(87,604)	(22,065)	(632,816)	(1,208,872)	6,946	(1,201,926)
Administrative expenses	(84,618)	(83,838)	(36,592)	555	(119,875)	(204,493)	(471)	(204,964)
Other operating expenses, net	2,928	2,655	624	-	3,279	6,207	67	6,274
<b>Operating profit</b>	<b>163,748</b>	<b>281,718</b>	<b>28,058</b>	<b>(29,146)</b>	<b>280,630</b>	<b>444,378</b>	<b>(2,636)</b>	<b>441,742</b>
Exchange difference, net	(49,651)	(26,091)	856	-	(25,235)	(74,886)	133	(74,753)
Finance income	1,033	9,404	3,666	(6,522)	6,548	7,581	(1,174)	6,407
Finance costs	(70,712)	(92,486)	(9,860)	6,694	(95,652)	(166,364)	2,419	(163,945)
<b>Profit before income tax</b>	<b>44,418</b>	<b>172,545</b>	<b>22,720</b>	<b>(28,974)</b>	<b>166,291</b>	<b>210,709</b>	<b>(1,258)</b>	<b>209,451</b>
Income tax expense	(17,911)	(52,084)	(11,687)	8,283	(55,488)	(73,399)	120	(73,279)
<b>Profit for the year</b>	<b>26,507</b>	<b>120,461</b>	<b>11,033</b>	<b>(20,691)</b>	<b>110,803</b>	<b>137,310</b>	<b>(1,138)</b>	<b>136,172</b>
<b>Attributable to:</b>								
owner of the parent	26,507	120,461	11,033	(24,794)	106,700	133,207	(11,422)	121,785
Non-controlling interests	-	-	-	-	-	-	14,387	14,387
<b>Profit for the year</b>	<b>26,507</b>	<b>120,461</b>	<b>11,033</b>	<b>(24,794)</b>	<b>106,700</b>	<b>133,207</b>	<b>2,965</b>	<b>136,172</b>

## Notes to the combined financial statements

### Geographic information –

As of June 30, 2021 and December 31, 2020, the operations of all companies are mainly carried out in Peru, their income from foreign clients being not significant, and they do not maintain significant assets located in other countries to that date.

### 25. Fair value

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

When a financial instrument is traded in an active and liquid market, its quoted market price in an actual transaction provides the best evidence of its fair value. When a quoted market price is not available, or may not be indicative of the fair value of the financial instrument, other estimation techniques may be used to determine such fair value, including the current market value of another financial instrument that is substantially similar, discounted cash flow analysis or other techniques applicable, all of which are significantly affected by the assumptions used. Although Management uses its best judgment in estimating the fair value of these financial instruments, there are inherent weaknesses in any estimation technique. As a result, the fair value may not be indicative of the net realizable or settlement value.

The following methods and assumptions were used to estimate the fair value of the main financial instruments:

- (a) Financial instruments whose fair value are similar to book value  
Assets and liabilities that are liquid or have short maturities (less than three months), such as cash and short-term deposits, trade and other receivables, trade and another payables and other current liabilities, approximate to their carrying amounts largely due to the short-term maturities of these instruments.
- (b) Fixed-rate financial instruments  
The fair value of financial assets and liabilities at fixed interest rates and amortized cost is determined by comparing market interest rates at their initial recognition to current market rates related to similar financial instruments. The estimated fair value of interest-bearing deposits is determined through discounted cash flows by using market interest rates in the prevailing currency with similar maturities and credit risks.
- (c) Investment at fair value through equity  
Fair value of available-for-sale financial assets is derived from quoted market prices in active markets, if available. Fair value of unquoted available-for-sale financial assets is estimated using a discounted cash flow technique.

## Notes to the combined financial statements

### Fair value hierarchy

The Companies use the following hierarchy to record or disclose, as required by the IFRS, the fair value of the financial instruments and investment properties recorded in the combined statements of financial position:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.
- Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
- Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

The companies do not hold financial instruments whose fair value was determined through level 3, nor were there inter-level transfers during the six -month periods ended June 30, 2021 and 2020. The Companies holds the following financial instruments at fair value:

- Available-for-sale investments which fair value was determined under level 1 hierarchy.
- Derivative instrument which fair value was determined under level 2 hierarchy.
- Bonds issued, and debts and loans that accrue interests, whose exposure fair values were determined through the Level 2 hierarchy.

### 26. Subsequent events

- a) The Company's Management and its Subsidiaries continue monitoring the evolution of the situation and the guidance of national and international authorities, since events beyond Management's control may arise that require modifying the established business plan. Further spread of COVID-19 and subsequent measures taken to limit the spread of the disease could affect the ability to conduct business in the normal way and therefore affect financial condition and results of operations.