

InRetail Pharma S.A. and Subsidiaries

Interim consolidated financial statements as of March 31, 2024
(non-audited) and December 31, 2023 (audited) and for the three-
month period ended March 31, 2024 and 2023

InRetail Pharma S.A. and Subsidiaries

Interim consolidated financial statements as of March 31, 2024 and December 31, 2023 and for the three-month period ended March 31, 2024 and 2023.

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Interim consolidated statements of financial position

As of March 31, 2024 (unaudited) and December 31, 2023 (audited)

	Note	2024 S/(000)	2023 S/(000)		Note	2024 S/(000)	2023 S/(000)
Assets				Liabilities and equity			
Current assets				Current liabilities			
Cash and short-term deposits	4	284,411	345,122	Trade payables	11	1,806,933	1,808,027
Trade receivables, net	5	641,788	634,098	Other payables		239,609	248,395
Other receivables, net		76,419	123,532	Accounts payable to related parties	19(b)	15,299	34,659
Accounts receivables from related parties	19(b)	18,694	26,814	Interest-bearing loans and borrowings	13	31,005	23,646
Inventories, net	6	1,239,623	1,252,749	Lease liability	12(c)	235,442	230,389
Taxes recoverable		53,103	-	Current income tax	14(b)	71,748	81,847
Prepayments		11,622	11,976	Total current liabilities		2,400,036	2,426,963
Total current assets		2,325,660	2,394,291				
Non-current assets				Non-current liabilities			
Other receivables, net		51,546	51,788	Other payables		26,318	34,202
Investments at fair value through equity	7	99,207	99,335	Accounts payable to related parties	19(b)	1,327,913	1,325,023
Derivative financial instruments	8	26,186	31,839	Interest-bearing loans and borrowings	13	987,334	994,554
Property, furniture and equipment, net	9	971,317	891,653	Lease liability	12(c)	444,177	431,972
Right-of-use assets, net	12(b)	653,134	635,246	Reserves for employee retirement pension funds		23,465	23,362
Intangible assets, net	10	1,820,351	1,823,240	Derivative financial instruments		1,201	-
Deferred income tax assets, net	14(a)	176,204	176,159	Deferred income tax liabilities, net	14(a)	161,097	160,861
Other assets		2,407	2,407	Total non-current liabilities		2,971,505	2,969,974
Total non-current assets		3,800,352	3,711,667	Total liabilities		5,371,541	5,396,937
Total assets		6,126,012	6,105,958	Equity			
				Capital stock	15(a)	15,840	15,840
				Capital premium	15(b)	482,835	482,835
				Other reserves		3,168	3,168
				Unrealized results from derivative financial instruments		(16,789)	(15,080)
				Unrealized results from valuation of investment at fair value		(8,834)	(8,552)
				Unrealized results from actuarial reserve for retirement		376	376
				Unrealized results from foreign currency translation		3,752	3,337
				Retained earnings		274,193	227,097
				Total equity		754,541	709,021
				Total liabilities and equity		6,126,082	6,105,958

The accompanying notes are an integral part of these consolidated statements.

InRetail Pharma S.A. and Subsidiaries

Interim consolidated Income statements

For the three-month period ended March 31, 2024 and 2023

	Note	2024 S/(000)	2023 S/(000)
Net sales of goods		2,030,578	2,099,954
Rental income		27,740	27,168
Rendering of services		64,975	58,988
Revenue		2,123,293	2,186,110
Cost of sales	17	(1,449,315)	(1,511,106)
Gross profit		673,978	675,004
Selling expenses	17	(378,091)	(374,837)
Administrative expenses	17	(74,543)	(85,206)
Other operating income, net		1,857	1,988
Operating profit		223,201	216,949
Financial income		3,801	3,705
Financial expenses	18	(47,484)	(49,411)
Exchange difference, net		524	5,629
Profit before income tax		180,042	176,872
Income tax expense	14(a)	(57,946)	(59,795)
Net profit		122,096	117,077
Earnings per share:			
Basic and diluted profit for the period	20	7.708	7.392

All items above are related to continuing operations.

The accompanying notes are an integral part of these consolidated statements.

InRetail Pharma S.A. and Subsidiaries

Interim consolidated statements of comprehensive income
For the three-month period ended March 31, 2024 and 2023

	2024	2023
	S/(000)	S/(000)
Profit for the period	122,096	117,077
Other comprehensive income		
Unrealized (loss) gain on investments at fair value through equity	(400)	777
Income tax effect	118	(229)
Total other comprehensive income from investments at fair value through equity	(282)	548
Unrealized (loss) gain from derivative financial instrument	(2,425)	23,470
Income tax effect	716	(6,924)
Total comprehensive income from derivative financial instruments	(1,709)	16,546
Unrealized gain from foreign currency translation	415	195
Total comprehensive income from foreign currency translation	415	195
Other comprehensive income for the period, net of income tax effects	(1,576)	17,289
Total comprehensive income for the period	120,520	134,366

The accompanying notes are an integral part of these consolidated statements.

InRetail Pharma S.A. and Subsidiaries

Interim consolidated statements of change in equity

For the three-month period ended March 31, 2024 and 2023

	Capital stock	Capital premium	Other reserves	Unrealized results from derivative financial instrument	Unrealized results from investment at fair value through equity	Unrealized results from actuarial reserve for retirement	Unrealized results from foreign currency translation	Retained earnings	Total equity
	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)
Balance as of January 1, 2023	15,840	482,835	3,168	(38,001)	(11,337)	474	3,001	70,144	526,124
Profit for the period	-	-	-	-	-	-	-	117,077	117,077
Other comprehensive income	-	-	-	16,546	548	-	195	-	17,289
Total comprehensive income	-	-	-	16,546	548	-	195	117,077	134,366
Dividends paid	-	-	-	-	-	-	-	(100,000)	(100,000)
Balance as of March 31, 2023	15,840	482,835	3,168	(21,455)	(10,789)	474	3,196	87,221	560,490
Balance as of January 1, 2024	15,840	482,835	3,168	(15,080)	(8,552)	376	3,337	227,097	709,021
Profit for the period	-	-	-	-	-	-	-	122,096	122,096
Other comprehensive income	-	-	-	(1,709)	(282)	-	415	-	(1,576)
Total comprehensive income	-	-	-	(1,709)	(282)	-	415	122,096	120,520
Dividends paid	-	-	-	-	-	-	-	(75,000)	(75,000)
Balance as of March 31, 2024	15,840	482,835	3,168	(16,789)	(8,834)	376	3,752	274,193	754,541

The accompanying notes are an integral part of these consolidated statements.

InRetail Pharma S.A. and Subsidiaries

Interim consolidated statements of cash flows

For the three-month period ended March 31, 2024 and 2023

	Note	2024 S/(000)	2023 S/(000)
Operating activities			
Revenue		2,106,919	2,212,990
Payment of goods and services to suppliers		(1,572,816)	(1,672,027)
Payment of salaries and social benefits to employees		(229,301)	(220,424)
Taxes paid		(74,682)	(48,993)
Other (payment) collections, net		(2,673)	32,384
Net cash flows from operating activities		227,447	303,930
Investing activities			
Sales of property, furniture and equipment		246	80
Purchase of property, furniture and equipment, net of acquisitions through leasing contracts		(110,343)	(10,246)
Purchase and development of intangible assets		(5,094)	(7,383)
Other payment related to investment activities		(8,336)	-
Net cash flows used in investing activities		(123,527)	(17,549)
Financing activities			
Proceeds from interest-bearing loans and borrowings, net of structuring cost		20,422	45,000
Payment of interest-bearing loans and borrowings		(19,837)	(153,376)
Payment of lease liability	12	(70,435)	(69,590)
Interest payment of lease liability	12	(11,784)	(10,096)
Payment of dividends		(75,000)	(100,000)
Interest paid		(7,997)	(14,520)
Net cash flows used in financing activities		(164,631)	(302,582)
Net decrease of cash and short-term deposits		(60,711)	(16,201)
Cash and short-term deposits at the beginning of the period		345,122	347,282
Cash and short-term deposits at the end of the period		284,411	331,081
Non-cash transactions			
Fixed assets purchased through leasing and other financial obligations		-	5,596
Addition of right-of-use assets		102,695	111,995

The accompanying notes are an integral part of these consolidated statements

Notes to the interim consolidated financial statements (continued)

InRetail Pharma S.A. and Subsidiaries

Notes to the interim condensed consolidated financial statements

As of March 31, 2024 and December 31, 2023 and for the three-month period ended March 31, 2024 and 2023

1. Identification, business activity, reorganization process and disposal subsidiaries

(a) Identification

InRetail Pharma S.A. (hereinafter “the Company”), was incorporated on August 2, 1996. As of March 31, 2024 and December 31, 2023, the Company is a subsidiary of InRetail Perú Corp. which holds 100.00 percent of the Company’s capital stock. Likewise, InRetail Perú Corp. is a subsidiary of Intercorp Retail Inc., which is one of the entities of the Intercorp Perú Group operating in Peru and abroad.

The Company’s legal address, where its administrative offices operate, is Av. Defensores del Morro N ° 1277, Chorrillos, Lima, Republic of Peru.

(b) Business activity

The Company and its Subsidiaries, Farmacias Peruanas S.A.C., Mifarma S.A.C., Química Suiza S.A.C., Boticas IP S.A.C., Jorsa de la Selva S.A.C., FP Servicios Generales S.A.C. and Quicorp S.A. and Subsidiaries (hereinafter and together “InRetail Pharma Group”) are mainly dedicated to operating pharmacies and to the distribution of pharmaceutical products. The InRetail Pharma Group operations are concentrated in Peru.

(c) Reorganization process

In order to present a more efficient and organized structure, during 2023, several corporate reorganization processes were performed, which involve some subsidiaries as Boticas IP S.A.C., Vanttive S.A.C. and Química Suiza S.A.C.; however, considering that said subsidiaries were controlled, directly and indirectly, by the Company and/or its shareholders since previous years, such reorganization processes had no impact on the consolidated financial statements as of March 31, 2024 and December 31, 2023.

(d) Disposal of Quimiza Ltda.

On February 24, 2024, InRetail Pharma Group sold its shareholder interest in its Bolivian subsidiary Quimiza Ltda. for approximately US\$500,000 (equivalent to S/1,869,000), to a non-related entity.

The accompanying interim consolidated financial statements as of March 31, 2024 and for the three-month period ended March 31, 2024 and 2023 were approved by the Board of Directors on May 9, 2024.

Notes to the interim consolidated financial statements (continued)

2. Subsidiary activities

The Company and its Subsidiaries (hereinafter the "InRetail Pharma Group") are dedicated to the commercialization, distribution and marketing, nationally and internationally, of pharmaceutical products, cosmetics, food for medical use and other foods intended for protection and recovery of health through its "Inkafarma" and "Mifarma" pharmacy chains. The company and its subsidiaries operate 2,328 stores as of March 31, 2024 (2,309 stores as of December 31, 2023) and have operations in Peru and Ecuador as of March 31, 2024 (as of December 31, 2023, Peru, Ecuador and Bolivia).

The description of the activities of the main Subsidiaries of the Company is as follows:

- (a) Boticas IP S.A.C. began operations in November 2021. Its economic activity is the purchase and sale of pharmaceutical products, personal care and other products for the protection and recovery of health.
- (b) Farmacias Peruanas S.A.C. started operations in August 2020. Its economic activity is to provide business, administrative and logistical services for the companies of the Pharma group.
- (c) Mifarma S.A.C.

It is a subsidiary of InRetail Pharma S.A., it was incorporated on November 22, 2005. The legal address of the subsidiary is Calle Víctor Alzamora N ° 147, Urb. Santa Catalina, Lima, Peru.

It is dedicated to retail of pharmaceutical products, cosmetics, perfumery, hygiene, hygiene and personal care and other products for the protection and recovery of health.

The company maintains 99.99 percent of the equity of Jorsa de la Selva S.A.C.:

- Jorsa de la Selva S.A.C.
It is a legal entity, a subsidiary of Albis S.A.C., dedicated mainly to the commercialization of pharmaceutical products, cosmetics, perfumery, hygiene, personal care and other products for the protection and recovery of health. The Company's legal address is located at Av. Elías Aguirre 1107, Loreto, Peru.

- (d) Química Suiza S.A.C.

Incorporated in Peru on March 6, 1939 and its legal address is located at Av. Defensores del Morro N°1277, Chorrillos, Lima, Perú. It is a subsidiary of InRetail Pharma S.A. It is dedicated to the import, representation and commercialization of pharmaceutical, food, cosmetic, chemical, liquor and consumer products in general. Additionally, it obtains commissions for the intermediation in the sale of raw materials on behalf of foreign suppliers.

The company held until November 1, 2023 99.99 percent of Vanttive:

- Vanttive S.A.C.
It was incorporated in Peru on July 11, 2012. It is a direct subsidiary of Química Suiza S.A.C., a company incorporated in Peru, which owns 99.99 percent of its capital stock of the Company. Its Legal address is located in Av. Carlos Villarán N ° 105, La Victoria, Lima, Perú.

At the General Shareholders' Meeting of November 2, 2023, the merger of the Company with Boticas IP S.A.C. was agreed, in which the latter would act as the absorbing company, therefore, Vanttive S.A.C. extinguished without the need to be dissolved or liquidated.

Notes to the interim consolidated financial statements (continued)

(e) Quicorp S.A. is a Holding incorporated in Peru in September 2010.

The Company holds 99.99 percent of the equity of the following Companies:

i. Quifatex S.A. S.A.C.

It was incorporated on May 26, 1978 in the city of Quito, Ecuador. The registered office is located at Av. 10 de Agosto 10640 y Manuel Zambrano, Quito, Ecuador. It is controlled and supervised by the Superintendence of Corporations in the Republic of Ecuador.

It is dedicated to the commercialization, distribution, representation, import, and export of pharmaceutical, nutrition, chemical, cosmetic, food, veterinary, insecticidal, fertilizing products and liquors and well as tools and machinery in general.

The company maintains 99.99 percent of the equity of Vanttive Cía. Ltda.

- Vanttive Cía. Ltda.

It was incorporated on July 17, 2003 in the city of Quito, Ecuador. The registered office is located at Av. 10 de Agosto 10640 y Manuel Zambrano, Quito, Ecuador. It is controlled and supervised by the Superintendence of Corporations in the Republic of Ecuador.

It is dedicated to the import, export, commercialization, distribution, and intermediation of specialized pharmaceutical products.

ii. Quimiza Ltda.

It was incorporated on August 26, 1978. It is a distributor in the cities of Tarija, Oruro, and Potosí, as well as a distribution center in Santa Cruz, Bolivia. In addition, it has offices, agencies, and branches in other districts of the country. Currently, it has four offices in the cities of Santa Cruz (main office), La Paz, Cochabamba, and Sucre.

On February 20, 2024, the Company was sold to an unrelated Company.

3. Basis of preparation and presentation, changes in the accounting policies of the Pharma group

(a) Interim financial statements

The consolidated financial statements of the InRetail Pharma Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Boards (IASB), effective as of March 31, 2024 and December 31, 2023, respectively.

The interim financial statements of the InRetail Pharma Group have been prepared in accordance with IAS 34 "Interim Financial Reporting".

The interim financial information does not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the audited annual information.

Notes to the interim consolidated financial statements (continued)

The consolidated 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 and derivative financial instruments. The consolidated financial statements are presented in Soles and all values are rounded to the nearest thousand (S/(000)), except when otherwise indicated.

The functional currency of the subsidiaries domiciled in Ecuador and Bolivia are the local currency in those countries. These currencies do not belong to hyperinflationary economies. All transactions are measured in the functional currency.

The result and the financial position of all the Group companies (none of which has the currency for a hyperinflationary economy), that have a functional currency other than the InRetail Pharma S.A.'s presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position presented (including comparatives) shall be translated at the closing exchange rate at the date of the statement of financial position;
- Income and expenses for each statement presenting profit or loss and other comprehensive income (including comparatives) shall be translated at the average exchange rates for the corresponding year;
- Equity accounts shall be translated at the exchange rates at the date of the transactions; and
- All resulting exchange differences shall be recognized in other comprehensive income as profit or loss on translation.

At the date of this report, all the entities consolidated into the accompanying financial statements are legal subsidiaries of InRetail Pharma S.A.

(b) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries, see Note 2.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the InRetail Pharma Group obtains control, and continues 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 non-controlling interests have been determined in proportion to the participation of minority shareholders in the net equity and the results of the subsidiaries in which they hold shares, and they are presented separately in the consolidated statement of financial position and the consolidated statement of comprehensive income.

Losses in a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance. A change in the ownership interest of the subsidiary, without a loss of control, is accounted as an equity transaction.

The accounting policies followed in the preparation of the consolidated financial statements are consistent with those followed in the preparation of the consolidated financial statements as of December 31, 2023.

Notes to the interim consolidated financial statements (continued)

(c) Changes in accounting policies and disclosures

The accounting policies adopted in the preparation of the interim combined financial statements are consistent with those followed in the preparation of the Companies annual combined financial statements for the year ended December 31, 2023, except for the adoption of the new standards and interpretations as of January 1, 2024.

The standards and amendments, and improvements to the standards that are issued, and effective up to the date of issuance of the accompanying consolidated financial statements, are disclosed below:

- (i) Amendment to IFRS 16: "Lease liability on a sale with a subsequent lease" – In September 2022, the IASB issued amendments to IFRS 16 to specify the requirements that a seller-lessee uses when measuring the lease liability that arises in a sale-leaseback transaction, to ensure that the seller-lessee does not recognize any amount of the gain or loss, which relates to the right of use it retains.

The amendments are effective for annual reporting periods beginning on or after January 1, 2024, and should be applied retrospectively to subsequent sale and lease transactions entered into after the initial application date of IFRS 16. Early application is allowed and that fact must be disclosed.

- (ii) Amendments to IAS 1 "Presentation of Financial Statements: Classification of Liabilities as Current or Non-Current"

In January 2020, the IASB issued amendments of IAS 1 to paragraphs 69–76 of with the purpose of specifying the requisites for the classification of liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer a settlement arrangement.
- That a right to defer must exist at the end of the reporting period.
- That liability classification unaffected by the likelihood that an entity will exercise its deferral right.
- 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.

- (iii) Supplier Financing Agreements - Modifications to IAS 7 and IFRS 7.

In May 2023, the IASB issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures to clarify the characteristics of supplier financing arrangements and require additional information about such arrangements to be disclosed. The objective of the disclosure requirements imposed by the amendments is to help users of financial statements have a better understanding of the effects of supplier financing arrangements on liabilities, cash flows and exposure to liquidity risk. of an entity.

The amendments will be effective for annual periods beginning on or after January 1, 2024. Early application is permitted as long as this fact is disclosed.

Notes to the interim consolidated financial statements (continued)

- (iv) International Sustainability Financial Reporting Standards and Climate Disclosures On June 26, 2023, the International Sustainability Standards Board officially released its first IFRS Sustainability standards, ushering in a new era in international corporate reporting.

Both IFRS S1 and IFRS S2 are effective for annual periods beginning on or after January 1, 2024.

There is a climate-first transition option, which allows an entity to provide only climate-related information in its first year of application of IFRS S1 and IFRS S2.

Although these new standards are effective from January 1, 2024 at the international level, at the country level, the organizations that regulate the Peruvian local market have been evaluating the applicability and validity of these new IFRS. However, the Company has been dedicating efforts to planning to obtain extensive and timely information, with the objective of presenting users of the financial statements with the necessary information in accordance with established standards.

In the Management's opinion, these standards will not have a significant impact on the consolidated financial statements of the InRetail Pharma Group.

4. Cash and short-term deposits

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

	As of March 31, 2024 S/(000)	As of December 31, 2023 S/(000)
Cash (b)	8,096	7,738
Current accounts (c)	150,957	227,191
Other deposits (d)	22,548	24,252
Cash in transit	102,810	85,941
Total	284,411	345,122

- (b) Comprises mainly of cash held by subsidiaries in the premises of their store chains and in the vaults of a security company, corresponding to sales during the last days of the period.
- (c) The company and its Subsidiaries maintain current accounts in local banks in the currency of each country and US Dollars. They do not accrue interest and are freely available.
- (d) As of March 31, 2024, time deposits and savings account are freely available, are kept in Soles, in local financial institutions, have a maturity of up to one month from their constitution and accrue interest between 0.35 and 6.00 percent per year in Soles and 0.15 percent in US Dollars (saving account 0.35 percent per year in Soles and 0.15 percent in US Dollars as of December 31, 2023).

Notes to the interim consolidated financial statements (continued)

5. Trade receivables, net

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

	As of March 31, 2024	As of December 31, 2023
	S/(000)	S/(000)
Trade accounts receivable (b)	629,778	633,301
Credit card operators (c)	55,368	41,939
Total	685,146	675,240
Provision for doubtful accounts (d)	(43,358)	(41,142)
Total	641,788	634,098

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

(c) Corresponds mainly to pending deposits in favor of InRetail Pharma Group for the last days of the month, held by credit card operators and originated from the sale of goods with credit cards in the different stores of InRetail Pharma Group.

(d) The movement in the provision for doubtful accounts receivables for the three-month period ended March 31, 2024 and 2023, were as follows:

	2024	2023
	S/(000)	S/(000)
Balance at the beginning of the period	41,142	36,844
Provision recognized as expense, Note 17 (a)	3,408	2,806
Recoveries, Note 17 (a)	(417)	(916)
Write-offs	71	(119)
Divestment of subsidiary	(788)	-
Other	(89)	-
Foreign currency translation	31	(234)
Balance at the end of the period	43,358	38,381
Balance as of December 31, 2023		41,142

As of March 31, 2024 and December 31, 2023, the amount of overdue account receivables but non-impaired amounted to approximately S/100,450,000 and S/114,752,000, respectively.

In the opinion of Management of the InRetail Pharma Group, the provision for doubtful accounts receivables as of March 31, 2024 and December 31, 2023, appropriately covers the credit risk of this item at those dates.

Notes to the interim consolidated financial statements (continued)

6. Inventories, net

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

	As of March 31, 2024	As of December 31, 2023
	S/(000)	S/(000)
Goods, Note 17 (a)	1,199,742	1,202,799
In transit inventories (b)	69,787	84,539
Raw material, Note 17 (a)	126	661
Miscellaneous supplies	4,618	4,659
Miscellaneous supplies for manufacturing, Note 17 (a)	1,330	1,548
Total	1,275,603	1,294,206
Minus		
Provision for impairment of inventories (c)	(35,980)	(41,457)
Total	1,239,623	1,252,749

(b) Corresponds to goods and miscellaneous supplies imported by the Company and its Subsidiaries in order to satisfy customers' demand in its pharmacies.

(c) The movement in the provision for inventory impairment for the three-month period ended March 31, 2024 and 2023, were as follows:

	2024	2023
	S/(000)	S/(000)
Balance at the beginning of the period	41,457	29,664
Provision of the period, Note 17 (a)	5,569	4,512
Recovery, Note 17 (a)	(8,119)	-
Divestment of subsidiary	(2,990)	-
Foreign currency translation	63	(95)
Balance at the end of the period	35,980	34,081
Balance as of December 31, 2023		41,457

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 of the Company and its Subsidiaries.

7. Investments at fair value through equity

The Company maintains financial investments corresponding to bonds issued by InRetail Consumer, maturing in 2028 and accruing annual interest of 3.25 percent. As of March 31, 2024, these financial instruments amount to US\$26,711,000 equivalent to S/99,207,000 (as of December 31, 2023, US\$26,811,000 equivalent to S/99,335,000).

Notes to the interim consolidated financial statements (continued)

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

As of March 31, 2024 and December 31, 2023, the unrealized result net of deferred tax is a loss of S/8,834,000 and S/10,789,000 respectively and is presented in the consolidated statement of changes in equity.

8. Derivatives financial instruments

As of March 31, 2024 and December 31, 2023, this item comprises of three contracts of derivative financial instruments (currency). These contracts were designated to hedge cash flows and were recorded at its fair value. The detail of this operation is are follows:

Counterparty	Nominal value US\$(000)	Due	Pay fix at %	Book value of the hedged item S/(000)	2024		2023
					Fair value assets S/(000)	Fair value liabilities S/(000)	Fair value assets S/(000)
Citibank N.A. (a)	138,000	Mar-28	-	513,498	26,186	-	27,725
Citibank N.A. (a)	100,000	Mar-28	1.50	372,100	-	654	2,889
Citibank N.A. (a)	50,000	Mar-28	1.50	186,050	-	547	1,225
Total					26,186	1,201	31,839

- (a) In March 2021, InRetail Pharma S.A., decided to hedge the foreign currency exposure of its US\$288,000,000, Intercompany loan with InRetail Consumer (a related Special Purpose Entity) through a Call Spread structure, 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.

On September 16, 2021, InRetail Pharma S.A. decided to exchange US\$150,000,000 of its Call Spread with two Range Only Principal Swaps of US\$100,000,000 and US\$50,000,000, on the intercompany loan. This fixed the exchange rate at S/4.1045 and S/4.1100 per US\$1.00, respectively. These instruments aim to protect against variations in the exchange rate between S/3.70 and S/6.00 per US\$1.00, which for the purposes of IFRS 9, qualifies as an effective hedging instruments.

The exchange of the "Call Spread" for the "Range Only Principal Swaps" allows the hedging objective to be met, therefore, the time value of the instrument exchange is recognized in results on a straight-line basis until the maturity of the hedge. As a result of this transaction, a total net expense of S/1,895,000 was generated as of March 31, 2024 (S/1,874,000 as of March 31, 2023). See Note 18.

From the date of receipt of the loan from the related entity, for the purposes of IFRS 9, it was classified as an effective hedging instruments, see Note 19 (c).

Notes to the interim consolidated financial statements (continued)

9. Property, furniture and equipment, net

(a) The table below presents the movement and composition of this item:

	Land	Building, infrastructure and facilities	Furniture and fixture	Vehicles	Miscellaneous equipment	Work in progress	Total 2024	Total 2023
	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)
Cost								
Initial balance	356,845	539,325	177,435	1,504	387,658	115,962	1,578,729	1,413,981
Additions (b)	-	978	3,720	52	3,945	101,648	110,343	204,860
Sales (c)	-	-	(68)	(466)	(2,053)	-	(2,587)	(8,099)
Disposal (c)	-	(471)	(357)	-	(921)	-	(1,749)	(32,346)
Divestment of subsidiary	-	(1,983)	(741)	-	(4,009)	-	(6,733)	-
Transfer	-	7,757	175	-	153	(8,085)	-	-
Foreign currency translation	-	47	31	-	159	33	270	333
Final balance	356,845	545,653	180,195	1,090	384,932	209,558	1,678,273	1,578,729
Accumulated depreciation								
Initial balance	-	312,825	107,061	1,093	266,097	-	687,076	591,753
Additions (d)	-	12,409	6,060	30	11,435	-	29,934	134,615
Sales (c)	-	-	(34)	(205)	(652)	-	(891)	(7,798)
Disposal (c)	-	(438)	(354)	(210)	(2,250)	-	(3,252)	(32,236)
Divesment of subsidiary	-	(1,813)	(610)	-	(3,690)	-	(6,113)	-
Foreign currency translation	-	30	54	-	118	-	202	742
Final balance	-	323,013	112,177	708	271,058	-	706,956	687,076
Net book value	356,845	222,640	68,018	382	113,874	209,558	971,317	891,653

(b) Additions for the three-month period ended March 31, 2024 and December 31, 2023, correspond mainly to the construction and equipment of new pharmacies and distribution center for InRetail Pharma Group.

(c) It mainly corresponds to assets sold and to the disposals of unused assets as a result of the process of change of format in some premises and closing of pharmacies. The resulting income or expense has been included in the "Other operating income (expenses) net" of the consolidated income statement, respectively.

Notes to the interim consolidated financial statements (continued)

- (d) Depreciation expense for the three-month period ended March 31, 2024 and 2023, was recorded as follows in the income statement:

	2024 S/(000)	2023 S/(000)
Sales expenses, Note 17 (a)	26,315	29,344
Administrative expenses, Note 17 (a)	2,601	2,805
Cost of sales, Note 17 (a)	1,018	340
Balance as of March 31	29,934	32,489
Balance as of December 31, 2023		134,615

- (e) As of March 31, 2024, the cost and corresponding accumulated depreciation of assets acquired through financial leases amount to approximately S/136,323,000 and S/88,334,000, respectively (S/137,436,000 and S/84,566,000 respectively, as of December 31, 2023).
- (f) The InRetail Pharma Group maintains insurance policies on their main assets in accordance with the policies established by Management.

10. Intangible assets, net

- (a) The table below presents the movement and composition of this item:

	As of March 31, 2024 S/(000)	As of December 31, 2023 S/(000)
Cost		
Initial balance	860,444	911,241
Additions (c)	5,094	26,943
Disposal and/or sales	(200)	(74,591)
Transfer to property, plant and equipment	-	(2,857)
Divestment of subsidiary	(1,772)	-
Foreign currency translation	39	(292)
Final balance	863,605	860,444
Accumulated amortization		
Initial balance	309,838	345,183
Additions (d)	7,731	38,856
Disposals and/or sales	-	(73,820)
Transfer to property, plant and equipment	-	(97)
Divestment of subsidiary	(1,719)	-
Foreign currency translation	38	(284)
Final balance	315,888	309,838
Goodwill		
Initial balance	1,272,634	1,272,634
Additions	-	-
Final balance	1,272,634	1,272,634
Net book value	1,820,351	1,823,240

Notes to the interim consolidated financial statements (continued)

- (b) As of March 31, 2024 and December 31, 2023, this item mainly includes the goodwill, related to the acquisition of the Quicorp Group. Purchase price for the acquisition of Quicorp was approximately US\$591,351,000 equivalent to S/1,898,255,000 at the date of acquisition.
- (c) As of March 31, 2024 and December 31, 2023, additions mainly correspond to: (i) disbursements for the acquisition of a commercial software program, a general planning system (ERP) and related licenses; and (ii) disbursements for implementation of software and licenses in new stores of InRetail Pharma Group.
- (d) Amortization expense for the three-month period March 31, 2024 and 2023 has been recorded in the following items of the combined statements:

	2024	2023
	S/(000)	S/(000)
Sales expenses, Note 17 (a)	884	8,971
Administrative expenses, Note 17 (a)	6,804	6,435
Cost of sales, Note 17 (a)	43	-
Balance as of March 31	7,731	15,406
Balance as of December 31, 2023		38,856

11. Trade payables

The table below presents the composition of this item:

	As of March 31,	As of December 31,
	2024	2023
	S/(000)	S/(000)
Bills payable from purchase of goods	1,619,247	1,571,408
Bills payable from commercial services	187,686	236,619
Total	1,806,933	1,808,027

This item mainly includes the obligations to non-related local, and foreign suppliers, denominated in local currency, Euro, Swiss franc and US Dollars, originated mainly from the acquisition of goods, with current maturities and that do not bear any interest. There have been no liens granted on these obligations.

InRetail Pharma Group offers its 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. InRetail Pharma Group has no direct financial interest in these transactions. All of InRetail Pharma Group's obligations, including amounts due, remain due to its suppliers as stated in the supplier agreements.

Notes to the interim consolidated financial statements (continued)

12. Leases

- a) The InRetail Pharma Group maintains leasing contracts for buildings, facilities and vehicles used for its operations. Leases of buildings and facilities generally have terms of 1 to 5 years, and leases of vehicles have terms of 4 to 5 years. The InRetail Pharma Group's obligations under its leases 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 InRetail Pharma Group has also entered into certain leases of premises with terms of 12 months or less and leases of low-value office equipment. The InRetail Pharma Group applies the short-term and low-value lease exemptions for this kind of leases.

- b) The movement of this item for the three-month period ended as of March 31, 2024 and December 31, 2023, is as follows:

	Buildings infrastructure and facilities	Vehicles	2024	2023
	S/(000)	S/(000)	S/(000)	S/(000)
Cost				
Initial balance	1,275,224	1,474	1,276,698	1,174,028
Additions	102,695	-	102,695	339,390
Disposal and/or sales	(16,624)	(90)	(16,714)	(235,525)
Divestment subsidiary	(3,541)	-	(3,541)	-
Foreign currency translation	160	3	163	(1,195)
Final balance	1,357,914	1,387	1,359,301	1,276,698
Accumulated depreciation				
Initial balance	641,062	390	641,452	589,826
Additions, Note 17 (a)	69,449	94	69,543	270,286
Disposal and/or sales	(2,817)	(42)	(2,859)	(218,089)
Divestment subsidiary	(2,050)	-	(2,050)	-
Foreign currency translation	79	2	81	(571)
Final balance	705,723	444	706,167	641,452
Net book value	652,191	943	653,134	635,246

Depreciation expense for the three-month period ended March 31, 2024 and 2023, was recorded as follows in the income statement:

	2024	2023
	S/(000)	S/(000)
Sales expenses, Note 17 (a)	67,740	65,749
Administrative expenses, Note 17 (a)	1,091	1,362
Cost of sales, Note 17 (a)	712	424
Balance as of March 31	69,543	67,535
Balance as of December 31, 2023		270,286

Notes to the interim consolidated financial statements (continued)

- c) The movement of the lease liability item, as of March 31, 2024 and December 31, 2023, is as follows:

	As of March 31, 2024	As of December 31, 2023
	S(000)	S(000)
Initial balance	662,361	632,121
Additions	102,695	339,390
Increase for accrued interest, Note 18	11,784	41,970
Amortization	(81,508)	(312,913)
Disbursements made at the start of the contract	(711)	(1,047)
Disposal	(14,049)	(18,533)
Divestment subsidiary	(1,541)	-
Prepayment rents	(324)	1,321
Exchange rate	824	(19,282)
Foreign currency translation	88	(666)
Final balance	679,619	662,361
Current	235,442	230,389
Non-current	444,177	431,972
Final balance	679,619	662,361

Additionally, in the three-month period ended as of March 31, 2024 and 2023, interest related to the lease liability of S/11,784,000 and S/10,096,000, respectively, was accrued and is presented under "Financial expenses" in the consolidated financial statement of income. See Note 18.

Notes to the interim consolidated financial statements (continued)

13. Interest-bearing loans and borrowings

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

Type of obligation	Original currency	Interest rate %	Final maturity	Original amount		Total		Current		Non-current	
				US\$ (000)	S/(000)	2024 S/(000)	2023 S/(000)	2024 S/(000)	2023 S/(000)	2024 S/(000)	2023 S/(000)
Senior Notes Unsecured (b)											
Senior Notes Unsecured	PEN	6.438	2025	-	385,800	385,303	385,197	-	-	385,303	385,197
				-	385,800	385,303	385,197	-	-	385,303	385,197
Leasings											
Non related entities											
Banco de Crédito del Perú	PEN	10.320	2028	-	1,462	1,204	1,265	264	257	940	1,008
				-	1,462	1,204	1,265	264	257	940	1,008
Notes and Loans											
Related entities											
Banco Internacional del Perú-Interbank (d)	PEN	3.750	2026	-	220,000	219,209	219,086	-	-	219,209	219,086
Non related entities											
Banco Scotiabank (c)	PEN	3.750	2026	-	330,000	328,815	328,631	-	-	328,815	328,631
Citibank	USD	9.450	2024	2,000	-	7,442	-	7,442	-	-	-
				2,000	550,000	555,466	547,717	7,442	-	548,024	547,717
Derivative financial instrument financing, Note 8											
Citibank N.A.	PEN	Between 8.441 and 8.665	2028	-	48,931	31,366	34,607	6,947	6,671	24,419	27,936
				-	48,931	31,366	34,607	6,947	6,671	24,419	27,936
Other obligations (e)											
Hewlett Packard S.A.	USD	Between 0.280 and 5.920	2024 - 2027	14,834	-	42,725	46,830	15,059	15,438	27,666	31,392
Inversiones Nueva Capital Peru S.A.	USD	Between 1.830 and 6.290	2025 - 2026	500	-	1,139	1,297	656	653	483	644
Nuevo Capital Leasing Peru S.A.C.	USD	5.280	2025	663	-	1,136	1,287	637	627	499	660
				15,997	-	45,000	49,414	16,352	16,718	28,648	32,696
Total				17,997	986,193	1,018,339	1,018,200	31,005	23,646	987,334	994,554

- (b) In May 2018, the Company issued debt instruments ("Notes") denominated in Soles for S/385,800,000 that bear an annual interest rate of 6.438 percent, with a maturity of 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/497,000 as of March 31, 2024 (S/603,000 as of December 31, 2023).

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

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 March 31, 2024 and December 31, 2023. Likewise, 100 percent of the "Senior Notes Unsecured" is guaranteed by the shares of InRetail Pharma S.A. and Subsidiaries.

- (c) Scotiabank Perú
InRetail Pharma S.A.
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/1,185,000 as of March 31, 2024 (S/1,369,000 as of December 31, 2023).
- (d) Banco Internacional del Perú-Interbank
InRetail Pharma S.A.
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/791,000 as of March 31, 2024 (S/914,000 as of December 31, 2023).
- (e) Corresponds to the debt acquired with Hewlett Packard S.A., Nuevo Capital Leasing Perú S.A.C. and Inversiones Nueva Capital Peru S.A., for the purchase and leasing of computer equipment. These contracts do not have specific guarantees.
- (f) During the three-month period ended March 31, 2024 and 2023, loans and borrowings accrued interests are recorded in the "Financial expenses" item of the consolidated income statement, see Note 18. Also, as of March 31, 2024 and December 31, 2023, there are interests payable which are recorded in the "Other payables" item of the consolidated statements of financial position.
- (g) Some of the interest-bearing loans and borrowings include standard clauses requiring the InRetail Pharma Group to meet financial ratios, use of funds criteria and other administrative matters. In Management's opinion, as of March 31, 2024 and December 31, 2023, standard clauses do not limit the normal operation of the InRetail Pharma Group and have been fulfilled.

Notes to the interim consolidated financial statements (continued)

(h) Financial obligations are payable as follows:

	2024 S/ (000)	2023 S/ (000)
2024	23,420	23,646
2025	681,039	680,536
2026	293,906	293,753
2027	15,257	15,200
2028	4,717	5,065
Total	1,018,339	1,018,200

14. Income tax

(a) The amounts presented in the statement of financial position as of March 31, 2024 and December 31, 2023, as well as the consolidated income statements for the three-month period ended March 31, 2024 and 2023 are shown below:

Statements of financial position	As of March 31, 2024		As of December 31, 2023	
	Assets S/(000)	Liabilities S/(000)	Assets S/(000)	Liabilities S/(000)
InRetail Pharma S.A.	71,852	-	69,655	-
Química Suiza S.A.C.	-	43,529	-	43,674
Quicorp S.A.	91	-	-	-
Quifatex S.A.	8,350	-	7,876	-
Vanttive Cía. Ltda.	126	-	130	-
Farmacias Peruanas S.A.C.	13,197	-	15,966	-
Quimiza Ltda.	-	-	953	-
Mifarma S.A.C.	47,822	-	46,812	-
Boticas IP S.A.C.	31,090	-	31,082	-
Jorsa de la Selva S.A.C.	3,788	-	3,685	-
Consolidation adjustment	(112)	117,568	-	117,187
Total	176,204	161,097	176,159	160,861

Statements of comprehensive income	Income tax for the three-months period ended March 31, 2024 and 2023	
	2024 S/(000)	2023 S/(000)
Current	(57,919)	(67,478)
Deferred	(27)	7,683
Income tax expense	(57,946)	(59,795)

(b) As of March 31, 2024 and December 31, 2023, the liability for income tax, net of the advanced tax, amounted to approximately S/71,748,000 and S/81,847,000, respectively. Also, as of March 31, 2024 and December 31, 2023, the income tax credit amounted to approximately S/34,063,000 and S/27,399,000, respectively.

Notes to the interim consolidated financial statements (continued)

15. Equity

(a) Capital stock

As of March 31, 2024 and December 31, 2023, the capital stock of the Company is represented by 15,839,379 common shares, with a nominal value of S/1.00 each, which are entirely authorized and paid.

(b) Capital premium

Corresponds to cash contributions for a total amount of approximately S/4,182,000. In accordance with the agreements of the General Shareholders Meetings of July 2008, an amount of S/791,000 was recorded as capital stock and the difference of approximately S/3,391,000 was recorded as a capital premium, which is presented in the item "Capital premium" in the consolidated statement of financial position.

In April 2018, the merger by absorption of IR Pharma S.A.C., generated an exchange of shares for an equity received of S/481,500,000, issuing shares of S/2,056,000 and recognizing a capital premium of S/479,444,000.

(c) Legal reserve

As of March 31, 2024 and December 31, 2023, this item includes the legal reserve established by the Company. As provided in the General Corporations Law, 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, in both cases it must be replenished. The legal reserve is appropriated when the General Shareholders' Meeting approves it.

(d) Distribution of dividends

At the General Shareholders' Meeting held on January 15, February 15 and March 15, 2024, the distribution of dividends was approved for a value of S/75,000,000, which was paid during the first quarter of 2024.

At the General Shareholders' Meeting held on January 13, February 13, and March 7, 2023, the distribution of dividends was approved for a value of S/100,000,000, which was paid during the first quarter of 2023.

Notes to the interim consolidated financial statements (continued)

16. Tax Situation

- (a) The Company and its Subsidiaries domiciled in Peru and Ecuador are subject to the tax regime of each country and calculate the income tax based on their individual financial statements. As of March 31, 2024 and December 31, 2023, the income tax rate was:

Country	%
Peru	29.5
Ecuador	25.0

- (b) The Subsidiaries of the Company 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 March 31, 2024 and December 31, 2023, the income tax rate is:

	Tax rate	
	2024 %	2023 %
Peru	5.0	5.0
Ecuador	10.5	10.5

- (c) Law No. 29663, later amended by law No. 29757, established Peruvian source income as that obtained by the indirect sales of shares representing the capital stock of companies domiciled in the country.

To this end, an indirect transference is configured when the following two assumptions occur together:

- (i) In first place, 10 percent or more of shares of the non domiciled company must be sold within a period of twelve months.
- (ii) In second place, the market value of the Peruvian company's shares must represent 50 percent or more of the market value of the non domiciled company, in a period of twelve months.

In addition, as of January 1, 2019, a new indirect alienation regulation entered into force. It is applicable when in any 12-month period, the indirect alienation of shares or interest of legal entities domiciled in Peru have a transaction value equal or greater than 40,000 Peruvian Tax Units (UIT).

- (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 InRetail Pharma 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 InRetail Pharma Group as of March 31, 2024 and December 31, 2023.

Notes to the interim consolidated financial statements (continued)

- (e) The tax authority is legally entitled to review and, if necessary, adjust the Income Tax computed. Following are the years subject to review by the tax authority of the Subsidiaries of InRetail Pharma S.A. incorporated in Peru and foreign:

	Income tax	Value added tax
Albis S.A.C.	From 2019 to 2021	From 2020 to 2021
Boticas Inretail Pharma S.A.C.	From 2021 to 2023	From 2021 to 2024
Boticas Oriente S.A.C.	From 2019 to 2021	From 2020 to 2021
Drogueria Inretail Pharma S.A.C.	From 2019 to 2023	From 2020 to 2023
Eckerd Amazonia S.A.C.	From 2019 to 2021	From 2020 to 2021
Farmacías Peruanas S.A.C.	From 2019 to 2023	From 2020 to 2024
Fp Servicios Generales S.A.C.	From 2021 to 2023	From 2021 to 2024
Inretail Pharma S.A.	From 2020 to 2023	From 2020 to 2024
Jorsa De La Selva S.A.C.	From 2019 to 2023	From 2020 to 2024
Mifarma S.A.C.	From 2020 to 2023	From 2020 to 2024
Quicorp S.A.	From 2019 to 2023	From 2020 to 2024
Quifatex S.A.	From 2019 to 2023	From 2020 to 2024
Química Suiza S.A.C.	From 2019 to 2023	From 2020 to 2024
Vanttive Cia Ltda.	From 2021 to 2023	From 2021 to 2024
Vanttive S.A.C.	From 2019 to 2023	From 2020 to 2023

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

In opinion of Management of the InRetail Pharma Group as well as its legal advisor's opinion, any eventual additional tax settlement would not be significant to the consolidated financial statements as of March 31, 2024 and December 31, 2023.

17. Operating expenses

- (a) The table below presents the components of this item for the three-month period ended March 31, 2024 and 2023:

	2024	2023
	S/(000)	S/(000)
Cost of sales	1,449,315	1,511,106
Selling expenses	378,091	374,837
Administrative expenses	74,543	85,206
Total	<u>1,901,949</u>	<u>1,971,149</u>

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

Notes to the interim consolidated financial statements (continued)

	2024			
	Cost of sales	Selling expenses	Administrative expenses	Total
	S/(000)	S/(000)	S/(000)	S/(000)
Initial balance of goods, Note 6 (a)	1,202,799	-	-	1,202,799
Initial balance of raw material, Note 6 (a)	661	-	-	661
Initial balance of supplies, Note 6 (a)	1,548	-	-	1,548
Purchase of goods and supplies	1,438,659	-	-	1,438,659
Final balance of goods, Note 6 (a)	(1,199,742)	-	-	(1,199,742)
Final balance of raw materials, Note 6 (a)	(126)	-	-	(126)
Final balance of supplies, Note 6 (a)	(1,330)	-	-	(1,330)
Impairment of inventories, Note 6 (c)	(2,550)	-	-	(2,550)
Personnel expenses	-	178,708	33,101	211,809
Depreciation, Note 9 (d)	1,018	26,315	2,601	29,934
Depreciation of right-of-use asset, Note 12 (b)	712	67,740	1,091	69,543
Amortization, Note 10 (d)	43	884	6,804	7,731
Services provided by third parties (b)	-	69,114	22,747	91,861
Advertising	-	11,392	9	11,401
Packing and packaging	-	1,228	215	1,443
Rental of premises	-	4,273	32	4,305
Low-value asset leases	233	850	196	1,279
Taxes	-	1,788	3,202	4,990
Provision for doubtful trade receivables, Note 5(d)	-	3,408	-	3,408
Provision for doubtful other account receivables	-	532	21	553
Recoveries of provision trade account receivables, Note 5(d)	-	(417)	-	(417)
Recovery of provision other account receivables	-	(14)	(73)	(87)
Insurance	-	3,609	341	3,950
Other charges (c)	7,390	8,681	4,256	20,327
Total	1,449,315	378,091	74,543	1,901,949

	2023			
	Cost of sales	Selling expenses	Administrative expenses	Total
	S/(000)	S/(000)	S/(000)	S/(000)
Initial balance of goods	1,266,646	-	-	1,266,646
Initial balance of raw material	108	-	-	108
Initial balance of supplies	860	-	-	860
Purchase of goods	1,436,197	-	-	1,436,197
Final balance of goods, Note 6(a)	(1,205,654)	-	-	(1,205,654)
Final balance of raw materials, Note 6(a)	(851)	-	-	(851)
Final balance of supplies, Note 6(a)	(813)	-	-	(813)
Impairment of inventories, Note 6 (c)	4,512	-	-	4,512
Personnel expenses	-	179,569	37,579	217,148
Depreciation, Note 9 (d)	340	29,344	2,805	32,489
Depreciation of right-of-use asset, Note 12 (b)	424	65,749	1,362	67,535
Amortization, Note 10 (d)	-	8,971	6,435	15,406
Services provided by third parties (b)	-	59,676	28,562	88,238
Advertising	-	11,636	-	11,636
Packing and packaging	-	1,670	35	1,705
Rental of premises	-	3,295	27	3,322
Low-value asset leases	20	1,077	170	1,267
Taxes	-	2,005	4,065	6,070
Provision for doubtful trade receivables, Note 5(d)	-	2,806	-	2,806
Provision for doubtful other account receivables	-	771	-	771
Recovery of provision for doubtful trade receivables, Note 5(d)	-	(916)	-	(916)
Recovery of provision for doubtful other account receivables	-	(811)	-	(811)
Insurance	-	2,441	814	3,255
Other charges (c)	9,317	7,554	3,352	20,223
Total	1,511,106	374,837	85,206	1,971,149

Notes to the interim consolidated financial statements (continued)

- (b) Corresponds mainly to expenses of electricity, water, telephone, premises maintenance services and transport services.
- (c) Mainly includes general expenses in pharmacies.

18. Financial expenses

- (a) The table below presents the components of financial expenses:

	2024		2023
	S/(000)		S/(000)
Interest on loans, borrowings and bonds payable	12,654		16,983
Interest on loans with related parties, Note 19 (c)	12,054		12,103
Interest on lease liability, Note 12 (c)	11,784		10,096
Accrual of structuring cost of financial obligation	999		1,010
Interest from derivative instruments "Call Spread"	744		867
Premium accrual of "Call Spread"	4,838		4,797
Accrual of the value in the time of exchange of derivative financial instruments (c)	1,895		1,874
Other financial expenses	2,516		1,681
Total	47,484		49,411

- (b) As of March 31, 2024 and December 31, 2023, there are interest payable for these obligations for approximately S/11,715,000 and S/6,312,000, respectively, which are recorded in the "Other payables" item of the consolidated statements of financial position.
- (c) As of March 31, 2024 and 2023, it corresponds to the transfer of the value over time of other comprehensive income to income for the period, related to the early settlement of the "Call Spread". See Note 8 (a).

19. Transactions with related parties

- (a) The following table provides the total amount of transactions that have been entered into with related parties for the three-month period ended as of March 31, 2024 and 2023:

	2024		2023
	S/(000)		S/(000)
Income			
Sales	6,382		6,635
Rendering of services	890		1,723
Interest income	899		269
Others	-		169
Total	8,171		8,796
Expenses			
Renting of premises and land	4,161		4,367
Minor services	5,435		4,007
Interest	12,054		12,103
Others	967		707
Total	22,617		21,184

Notes to the interim consolidated financial statements (continued)

(b) As a result of the transactions with related companies, the InRetail Pharma Group recorded the following balances as of March 31, 2024 and December 31, 2023:

	As of March 31, 2024 S/(000)	As of December 31, 2023 S/(000)
Receivables		
Supermercados Peruanos S.A. (e)	8,586	9,091
Homecenters Peruanos S.A. (e)	384	374
Homecenters Oriente S.A.C. (e)	39	25
Agora Servicios Digitales S.A.C.	8,222	10,025
Tiendas Peruanas S.A.	111	104
Financiera Oh! S.A.	1,260	7,114
Makro Supermayorista S.A.	2	2
Other	90	79
Total	18,694	26,814

	As of March 31, 2024 S/(000)	As of December 31, 2023 S/(000)
Payables		
Homecenters Peruanos S.A.	5	1
Plaza Vea Oriente S.A.C.	40	40
Financiera Oh! S.A.	3,269	5,375
Compañía Food Retail S.A.C	678	541
Agora Servicios Digitales S.A.C.	2,100	9,068
Homecenters Oriente S.A.C.	1	62
Real Plaza S.R.L.	329	321
Inmobiliaria Puerta del Sol S.A.	40	133
Makro Supermayorista S.A.	4	4
Supermercados Peruanos S.A.	1,578	829
IR Management S.R.L.	2,173	2,075
InRetail Consumer (c)	1,329,329	1,338,408
Interproperties Perú	939	885
InDigital XP S.A.C.	1,647	1,616
Otras relacionadas	1,080	324
Total	1,343,212	1,359,682
Remunerations payable to key management	-	-
Total	1,343,212	1,359,682
Current	15,299	34,659
Non-current	1,327,913	1,325,023
Total	1,343,212	1,359,682

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

Notes to the interim consolidated financial statements (continued)

- (c) In March 2021, InRetail Consumer (Special Purpose Entity) related entity, granted a loan of US\$288,000,000, equivalent to S/1,071,648,000 as of March 31, 2024, (equivalent to S/1,069,344,000 as of December 31, 2023) and S/266,400,000, said obligations were registered in the consolidated financial statements at amortized cost at an annual effective interest rate of 3.453 and 5.118 percent, respectively, after considering the respective initial charges of approximately US\$2,175,000, equivalent to a total of approximately S/8,078,000 and S/2,057,000, respectively (US\$2,275,000 equivalent to S/8,548,000 as of December 31, 2023 and S/2,173,000).

During of three-month period ended as of March 31, 2024 and 2023, an interest of S/12,054,000 and S/12,103,000 was accrued, which was recorded in the item "Financial expenses" of the consolidated statement of comprehensive income. Likewise, as of March 31, 2024, accumulated interest payable of S/1,416,000 (as of December 31, 2023 S/13,385,000) is maintained.

The funds obtained from the loan were used, mainly, for the early payment of the "Senior Notes Unsecured".

- (d) Outstanding balances at period-end are unsecured and interest free, except for the financial obligations explained in this note. There have been no guarantees provided or received for any related party receivables or payables. As of March 31, 2024 and December 31, 2023, the InRetail Pharma Group has 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.
- (e) Corresponds main to the balances pending for the sale of goods of Química Suiza S.A.C. as of March 31, 2024.
- (f) The compensation of key management personnel of the InRetail Pharma Group for the three-month period ended March 31, 2024 and 2023, is detailed below:

	2024	2023
	S/(000)	S/(000)
Short term employee benefits	9,517	9,886
Insurance and medical benefits	103	29
Employment benefits for contract termination	-	902
Total	9,620	10,817

- (g) As of March 31, 2024 and December 31, 2023, the InRetail Pharma Group maintains the following balances in the cash and cash equivalent items:

	2024	2023
	S/(000)	S/(000)
Banco Internacional del Peru – Interbank S.A.A.	57,748	104,177
Intelige Bank Ltd.	2,396	696

Notes to the interim consolidated financial statements (continued)

20. Earnings per share

Basic earnings per share amounts are calculated by dividing profit for the three-month period attributable to ordinary equity holders of InRetail Pharma S.A. by the weighted average number of ordinary shares outstanding during the same period. As there are no dilutive instruments outstanding, basic and diluted earnings per share are identical.

The following reflects basic and diluted earnings per share computations:

	Ordinary shares		
	Outstanding shares	Effective days until period-end	Weighted average of shares
Number as of January 1, 2023	15,839,379	91	15,839,379
Number as of March 31, 2023	15,839,379		15,839,379
Number as of January 1, 2024	15,839,379	91	15,839,379
Number as of March 31, 2024	15,839,379		15,839,379
	For the three-months period ended March 31, 2024		
	Net income (numerator) S/	Shares (denominator)	Earnings per share S/
Basic and diluted earnings per share	122,096,000	15,839,379	7.708
	For the three-months period ended March 31, 2023		
	Net income (numerator) S/	Shares (denominator)	Earnings per share S/
Basic and diluted earnings per share	117,077,000	15,839,379	7.392

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these consolidated financial statements.

Notes to the interim consolidated financial statements (continued)

21. Commitments and contingencies

Commitments

The main commitments assumed are presented below:

- (a) As of March 31, 2024, the Company and its Subsidiaries agreed with several financial entities on the issuance of solidary and irrevocable letters of guarantee for approximately S/48,706,000 and US\$4,745,000 (S/45,566,000, US\$4,731,000 and B\$179,000 as of December 31, 2023), respectively, to comply with the payment of goods purchased to foreign suppliers.

Contingencies

- (a) InRetail Pharma S.A., Química Suiza S.A.C., Mifarma S.A.C., Jorsa de la Selva S.A.C., Vantive Ltda., Quifatex S.A., Quimiza Ltda. and Boticas IP S.A.C. maintain various claims for civil, labor and tax processes for an approximate total amount of S/65,328,000 as of March 31, 2024 (S/62,171,000 as of December 31, 2023). In the opinion of Management and its legal advisors, said processes should be resolved favorably for these components, in opinion of Management, it is not necessary to record additional liabilities for these items.
- (b) Eckerd Amazonía S.A.C. is in the process of claiming against the Tax Authority for determinations of debts and fines related to VAT for the period between January 2003 and September 2005 for an approximate amount of S/17,942,000. In opinion of Management and its legal advisors these contingencies are stated as possible, and significant liabilities will not arise as result of this contingency as of March 31, 2024 and December 31, 2023. In July 2021, the tax court issued an unfavorable resolution to the Company for which a payment of S/17,942,000 has been made and recognized an expense of S/9,636,000, the Company will continue with the claim.

22. 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 isn't an exact estimation technique. As a result, the fair value may not be indicative of the net realizable of settlement value.

The following methods and assumptions were used to estimate the fair values:

- (a) Financial instruments whose fair value is 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 other payables and other current liabilities, approximate to their carrying amounts largely due to the short-term maturities of these instruments. Also, the derivative instrument by the InRetail Pharma Group is recorded at fair value.

Notes to the interim consolidated financial statements (continued)

(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 instrument. 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 investment at fair value through equity is derived from quoted market prices in active markets, if available. Fair value of unquoted investment at fair value through equity is estimated using a discounted cash flow technique.

Fair value hierarchy

The InRetail Pharma Group uses the following hierarchy for determining and disclosing the fair value of its financial instrument recorded in the statement 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 InRetail Pharma Group does not maintain any financial instrument with fair value determination under level 3 and there were no transfers between levels during the three-month period ended March 31, 2024 and 2023. The InRetail Pharma Group maintains the following financial instruments at fair value:

- Investment at fair value through equity which fair value was determined under level 1 hierarchy.
- Derivative instrument which fair value was determined under level 2 hierarchy.

23. Transactions in foreign currency

The financial statements have been stated in Soles using exchange rates prevailing in the market as published by the Superintendence of Banks, Insurance and Pension Funds Administration. As of March 31, 2024 the end of period exchange rates in the market for transactions in US Dollars were S/3.714 per US\$1.00 bid and S/3.721 per US\$ 1.00 ask, in Swiss Franc was S/5.016 per Fr1.00 ask, in Euro were S/4.009 per €1.00 bid and S/4.208 per €1.00 ask, (S/3.705 and S/3.713 per US\$1.00 for bid and ask, S/4.065 and S/5.084 per Fr1.00 for bid and ask, S/3.972 and S/4.378 per €1.00 for bid and ask, as of December 31, 2023).

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 March 31, 2024 and December 31, 2023, 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	2024	2023
U. S. Dollars (US\$)	0.269	0.269
Bolivian Peso (B\$)	-	1.874
Swiss franc (Fr)	0.199	0.197
Euro (€)	0.238	0.228

Notes to the interim consolidated financial statements (continued)

As of March 31, 2024 and December 31, 2023, the InRetail Pharma Group held the following foreign currency assets and liabilities:

	As of March 31, 2024			As of December 31, 2023			
	US\$(000)	€ (000)	Fr (000)	US\$(000)	b\$ (000)	€ (000)	Fr (000)
Assets							
Cash and short-term deposits	8,654	-	-	10,207	17,663	-	-
Investments at fair value through equity	26,711	-	-	26,811	-	-	-
Trade receivables, net	70,040	-	-	69,035	32,622	-	-
Other accounts receivables, net	8,023	-	-	10,849	2,245	-	-
Accounts receivable from related parties	42	-	-	-	-	-	-
Total assets	113,470	-	-	116,902	52,530	-	-
Liabilities							
Trade payables	(101,938)	(3,439)	(397)	(123,651)	(8,617)	(3,440)	(514)
Other payables	(8,208)	-	-	(6,608)	(5,642)	-	-
Accounts payable to related parties	(288,701)	-	-	(290,681)	-	-	-
Lease liability	(90,104)	-	-	(92,378)	(2,927)	-	-
Interest - bearing loans and borrowings	(14,095)	-	-	(13,309)	-	-	-
Total Liabilities	(503,046)	(3,439)	(397)	(526,627)	(17,186)	(3,440)	(514)
Hedge amount	288,000	-	-	288,000	-	-	-
Net (liability) assets position	(101,576)	(3,439)	(397)	(121,725)	35,344	(3,440)	(514)

As of March 31, 2024 and December 31, 2023, InRetail Pharma and its Subsidiaries have decided to reduce its exchange rate risk by entering into a hedging operations through a derivative financial instruments written over its intercompany loan with InRetail Consumer, which is considered an effective hedging instrument.

These instruments have been subscribed for a nominal value of US\$138,000,000, US\$100,000,000 and US\$50,000,000 as of March 31, 2024 and December 31, 2023, the Call Spread protects fluctuations in the exchange rate between S/3.70 and S/4.20 and the Range Only Principal Swap between S/ 3.70 and S/6.00 and will be effective until the maturity of the loans for pay to related parties. See note 8.

For the three-month period ended as of March 31, 2024 and 2023, InRetail Pharma has incurred in the following results for exchange difference:

	2024 S/(000)	2023 S/(000)
Exchange difference generated by hedged assets and liabilities	2,304	15,840
Compensation of exchange difference for hedging derivative	(2,304)	(15,840)
Exchange difference generated by unhedged assets and liabilities	524	5,629
Net gain	524	5,629

24. Subsequent event

From April 1, 2024, to the date of this report's presentation, no significant event has occurred that would affect the financial statements beyond what is reported in the notes to the consolidated financial statements.

25. Additional explanation for English translation

The accompanying consolidated financial statements are presented on the basis of the IFRS. Certain accounting practices applied by the InRetail Pharma Group may differ in certain respects from accounting principles generally accepted in other countries. In the event of any discrepancy, the Spanish-language version prevails.