Supermercados Peruanos S.A. and Subsidiaries, InRetail Pharma S.A. and Subsidiaries and InRetail Foods S.A.C.

Combined financial statements as of December 31, 2020, 2019 and 2018, together with the Independent Auditors' Report

Building a better working world

Supermercados Peruanos S.A. and Subsidiaries, InRetail Pharma S.A. and Subsidiaries and InRetail Foods S.A.C.

Combined financial statements as of December 31, 2020, 2019 and 2018, together with the independent Auditors' Report

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Paredes, Burga & Asociados
Sociedad Civil de Responsabilidad Limitada

Building a better working world

Independent Auditors' Report

To the shareholders of Supermercados Peruanos S.A. and Subsidiaries, InRetail Pharma S.A. and Subsidiaries and InRetail Foods S.A.C.

We have audited the accompanying combined financial statements of Supermercados Peruanos S.A. and Subsidiaries, InRetail Pharma S.A. and Subsidiaries and InRetail Food S.A.C. (together the "Companies"), which comprise the combined statements of financial position as of December 31, 2020, 2019 and 2018, and the related combined income statements, other comprehensive income, changes in equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information (notes 1 to 32).

Management's responsibility for the Combined Financial Statements

Management is responsible for the preparation and fair presentation of these combined financial statements in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board, and for such internal control that Management determines is necessary to enable the preparation of combined financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. Our audits were conducted in accordance with International Standards on Auditing as adopted for use in Peru by the Board of Peruvian Associations of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making this risk assessment, the auditor considers the internal control that is relevant to the Companies in the preparation and fair presentation of the combined financial statements in order to design audit procedures that are appropriate for the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Companies' internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the consolidated financial statements.

Building a better working world

Independent Auditors' Report (continued)

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying combined financial statements present fairly, in all material respects, the combined financial position of Supermercados Peruanos S.A. and Subsidiaries, InRetail Pharma S.A. and Subsidiaries and InRetail Foods S.A.C. as of December 31, 2020, 2019 and 2018, and their combined results of operations and their cash flows for the years then ended, in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.

Lima, Peru,
February 25, 2021

Countersigned by:

Paredes, Burga & Asociados

Sandra Luna Victoria
C.P.C.C. Registration No. 50093

Supermercados Peruanos S.A. and Subsidiaries, InRetail Pharma S.A. and Subsidiaries and InRetail Foods S.A.C.

Combined statements of financial position

As of December 31, 2020, 2019 and 2018

	Note	2020 S/(000)	2019 S/(000)	2018 S/(000)
Assets				
Current assets				
Cash and short-term deposits	3.2(i) and 5	907,048	701,730	614,572
Financial instruments at fair value through profit or loss	3.2(c) and 6	93,061	13,903	8,065
Financial instruments at amortized cost	3.2(c(i))	24,624	-	-
Trade accounts receivables, net	3.2(c) and 7	589,256	543,359	549,419
Other accounts receivables, net	3.2(c) and 8	235,039	148,783	199,573
Accounts receivables to related parties	3.2(c) and 26(b)	46,848	27,023	37,415
Inventories, net	3.2(j) and 9	2,158,521	1,835,047	1,736,290
Financial instruments at fair value through other comprehensive income	3.2(c) and 10	-	-	8,377
Prepayments	3.2(k) and 11	12,916	14,361	33,392
Total current assets		4,067,313	3,284,206	3,187,103
Non-current assets				
Other accounts receivables, net	3.2(c) and 8	66,194	47,604	29,524
Financial instruments at fair value through other comprehensive income	3.2(c) and 10	54,061	45,435	36,338
Prepayments	3.2(k) and 11	-	-	52,756
Derivative financial instrument – "Call Spread"	3.2(d) and 12	112,273	63,508	86,694
Property, installations, furniture and equipment, net	3.2(l) and 13(a)	3,841,856	3,169,717	3,013,006
Investment properties, net	3.2(n) and 14	282,245	289,990	202,597
Right-of-use assets, net	3.2(m) and 13(b.1)	1,545,805	1,558,981	-
Intangible assets, net	3.2(o) and 15	3,912,701	3,145,748	3,178,186
Other non-financial assets		7,949	7,208	7,219
Deferred income tax assets, net	3.2(v) and 20(a)	88,003	48,029	60,155
Total non-current assets		9,911,087	8,376,220	6,666,475
Total assets		13,978,400	11,660,426	9,853,578

	Note	2020 S/(000)	2019 S/(000)	2018 S/(000)
Liabilities and equity				
Current liabilities				
Trade accounts payables	3.2(c) and 16	3,248,861	2,899,966	2,914,430
Other accounts payables	3.2(c) and 17	612,755	389,352	409,285
Interest-bearing loans and borrowings	3.2(c) and 18	1,672,617	354,009	411,718
Accounts payable to related parties	3.2(c) and 26(b)	29,439	45,858	14,654
Current income tax, net	3.2(v) and 20(e)	73,682	21,301	10,665
Deferred revenue	27	13,678	2,129	22,047
Lease liabilities	3.2(m) and 13(b.2)	229,726	269,657	-
Total current liabilities		5,880,758	3,982,272	3,782,799
Trade accounts payables	3.2(c) and 16	-	-	10,733
Other accounts payables	3.2(c) and 17	23,448	21,289	21,854
Interest-bearing loans and borrowings	3.2(c) and 18	1,327,057	1,286,434	1,148,091
Accounts payable to related parties	3.2(c) and 26(b)	90,548	88,824	87,097
Senior notes issued	3.2(c) and 19	1,820,913	1,694,413	1,714,289
Lease liabilities	3.2(m) and 13(b.2)	1,417,144	1,262,835	-
Deferred revenue	27	25,141	34,327	25,909
Deferred income tax liabilities, net	3.2(v) and 20(a)	451,279	431,782	454,359
Total non-current liabilities		5,155,530	4,819,904	3,462,332
Total liabilities		11,036,288	8,802,176	7,245,131
Equity	21			
Capital stock		369,551	369,551	369,551
Capital premium		181,507	181,507	181,507
Treasury shares		(9)	(9)	(9)
Additional paid - in capital		706,427	706,427	706,427
Other equity reserves		866,686	870,357	848,868
Retained earnings		712,014	629,438	424,167
		2,836,176	2,757,271	2,530,511
Non-controlling interest		105,936	100,979	77,936
Total equity		2,942,112	2,858,250	2,608,447
Total liabilities and equity		13,978,400	11,660,426	9,853,578

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

Supermercados Peruanos S.A. and Subsidiaries, InRetail Pharma S.A. and Subsidiaries and InRetail Foods S.A.C.

Combined income statements

For the years ended December 31, 2020, 2019 and 2018

	Note	2020 S/(000)	2019 S/(000)	2018 S/(000)
Net sales of goods	3.2(t) and 1(b)	13,727,509	12,260,910	11,509,345
Rental income	3.2(t) and 1(b)	135,463	135,916	120,779
Rendering of services	3.2(t) and 1(b)	201,381	173,008	163,034
Revenue		14,064,353	12,569,834	11,793,158
Cost of sales and services	3.2(t(iv)) and 23(a)	(10,086,246)	(8,943,130)	(8,511,642)
Gross profit		3,978,107	3,626,704	3,281,516
Changes in fair value of investment property in fair value of investment properties	3.2 (n), 14(b) and 14(f)	(15,458)	7,117	2,706
Fair value effect of investment properties distributed to associates	3.2 (n) and 26(c)	1,722	(2,626)	956
Selling expenses	3.2(t(iv)) and 23(a)	(2,463,595)	(2,377,141)	(2,270,890)
Administrative expenses	3.2(t(iv)) and 23(a)	(449,485)	(380,510)	(385,685)
Other income	24	44,425	57,676	59,609
Other expenses	24	(48,582)	(30,161)	(52,137)
Operating profit		1,047,134	901,059	636,075
Finance income	3.2(t) and 25	8,550	18,665	27,880
Finance costs	3.2(u) and 25	(335,300)	(339,303)	(337,621)
Exchange difference, net	4	(120,564)	21,525	(35,609)
Profit before income tax		599,820	601,946	290,725
Income tax expense	3.2(v) and 20(c)	(203,831)	(204,200)	(144,907)
Net profit		395,989	397,746	145,818
Attributable to:				
Supermercados Peruanos S.A. and InRetail Pharma S.A. shareholders		359,288	359,481	129,263
Non-controlling interests		36,701	38,265	16,555
		395,989	397,746	145,818

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

Supermercados Peruanos S.A. and Subsidiaries, InRetail Pharma S.A. and Subsidiaries and InRetail Foods S.A.C.

Combined statements of other comprehensive income

For the years ended December 31, 2020, 2019 and 2018

	Note	2020 S/(000)	2019 S/(000)	2018 S/(000)
Net profit		395,989	397,746	145,818
Other comprehensive income				
To be reclassified to the combined income statements in subsequent periods:				
Unrealized results on derivative financial instruments	3.2(d) and 12(b)	(61,412)	12,742	(17,526)
Exchange differences on translation of foreign operations		1,674	(245)	7
Unrealized lost on actuarial valuation		588	297	-
Deferred income tax	3.2(v) and 20(b)	18,117	(3,759)	5,169
Transfer to income of the unrealized gain on financial assets at fair value through other comprehensive income	3.2(c)	-	-	(518)
		(41,033)	9,035	(12,868)
That will not be reclassified to the combined income statements in subsequent periods:				
Update on the fair value through other comprehensive income	3.2(c) and 10(d)	8,627	8,939	2,830
Deferred income tax related to other comprehensive income	3.2(v) and 20(b)	(2,545)	(2,637)	(936)
		6,082	6,302	1,894
Other comprehensive income for the year, net of income tax effects		(34,951)	15,337	(10,974)
Total comprehensive income for the year		361,038	413,083	134,844
Attributable to:				
Supermercados Peruanos S.A. and InRetail Pharma S.A. shareholders		328,875	372,807	119,602
Non-controlling interests		32,163	40,276	15,242
		361,038	413,083	134,844

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

Supermercados Peruanos S.A. and Subsidiaries, InRetail Pharma S.A. and Subsidiaries and InRetail Foods S.A.C.

Combined statements of changes in equity

For the years ended December 31, 2020, 2019 and 2018

	Attributable to owners of Supermercados Peruanos S.A. and Subsidiaries and InRetail Pharma S.A. and Subsidiaries														
	Capital stock					Other equity reserves									
	Issued S/(000)	Pending to issue S/(000)	Additional paid -in capital S/(000)	Capital premium S/(000)	Treasury shares S/(000)	Legal reserve S/(000)	Other reserves S/(000)	Unrealized results on derivative financial instruments S/(000)	Unrealized income on financial instruments at fair value through other comprehensive income S/(000)	Unrealized results on foreign currency translation S/(000)	Unrealized gain for actuarial update S/(000)	Retained earnings S/(000)	Total S/(000)	Non-controlling interest S/(000)	Total equity S/(000)
Balances as of January 1, 2018	350,077	19,474	706,427	181,507	(9)	27,476	-	518	497	-	-	325,076	1,611,043	217	1,611,260
Net income	-	-	-	-	-	-	-	-	-	-	-	129,263	129,263	16,555	145,818
Other comprehensive income	-	-	-	-	-	-	-	(11,270)	1,604	5	157	(157)	(9,661)	(1,313)	(10,974)
Total comprehensive income	-	-	-	-	-	-	-	(11,270)	1,604	5	157	129,106	119,602	15,242	134,844
Effect of change in Subsidiary in shareholding, note 2	-	-	-	-	-	-	418,997	-	-	-	-	-	418,997	62,503	481,500
Contribution	-	-	-	-	-	-	402,501	-	-	-	-	-	402,501	-	402,501
Dividends paid, note 21(c)	-	-	-	-	-	-	-	-	-	-	-	(21,632)	(21,632)	(26)	(21,658)
Transfers to legal reserve, note 21(d)	-	-	-	-	-	8,383	-	-	-	-	-	(8,383)	-	-	-
Balances as of December 31, 2018	350,077	19,474	706,427	181,507	(9)	35,859	821,498	(10,752)	2,101	5	157	424,167	2,530,511	77,936	2,608,447
Adoption of IFRS 16, note 3.3	-	-	-	-	-	-	-	-	-	-	-	4,728	4,728	699	5,427
Balances as of January 1, 2019	350,077	19,474	706,427	181,507	(9)	35,859	821,498	(10,752)	2,101	5	157	428,895	2,535,239	78,635	2,613,874
Net income	-	-	-	-	-	-	-	-	-	-	-	359,481	359,481	38,265	397,746
Other comprehensive income	-	-	-	-	-	-	-	7,817	5,464	(213)	258	-	13,326	2,011	15,337
Total comprehensive income	-	-	-	-	-	-	-	7,817	5,464	(213)	258	359,481	372,807	40,276	413,083
Share issued, note 21(a)	10,657	(10,657)	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends paid, note 21(c)	-	-	-	-	-	-	-	-	-	-	-	(150,775)	(150,775)	(17,932)	(168,707)
Transfers to legal reserve, note 21(d)	-	-	-	-	-	8,163	-	-	-	-	-	(8,163)	-	-	-
Balances as of January 1, 2020	360,734	8,817	706,427	181,507	(9)	44,022	821,498	(2,935)	7,565	(208)	415	629,438	2,757,271	100,979	2,858,250
Net income	-	-	-	-	-	-	-	-	-	-	-	359,288	359,288	36,701	395,989
Other comprehensive income	-	-	-	-	-	-	-	(37,675)	5,293	1,457	512	-	(30,413)	(4,538)	(34,951)
Total comprehensive income	-	-	-	-	-	-	-	(37,675)	5,293	1,457	512	359,288	328,875	32,163	361,038
Dividends paid, note 21(c)	-	-	-	-	-	-	-	-	-	-	-	(249,970)	(249,970)	(27,206)	(277,176)
Transfers to legal reserve, note 21(d)	-	-	-	-	-	26,166	-	-	-	-	-	(26,166)	-	-	-
Other	-	-	-	-	-	(15)	-	-	-	591	-	(576)	-	-	-
Balances as of December 31, 2020	360,734	8,817	706,427	181,507	(9)	70,173	821,498	(40,610)	12,858	1,840	927	712,014	2,836,176	105,936	2,942,112

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

Supermercados Peruanos S.A. and Subsidiaries, InRetail Pharma S.A. and Subsidiaries and InRetail Foods S.A.C.

Combined statements of cash flows

For the years ended December 31, 2020, 2019 and 2018

	Note	2020 S/(000)	2019 S/(000)	2018 S/(000)
Operating activities				
Revenue		13,934,885	12,578,963	11,922,503
Payments to suppliers of goods and services		(11,027,360)	(10,042,881)	(9,647,538)
Payments to employees for salaries and social benefits		(1,233,732)	(1,136,245)	(1,088,483)
Taxes paid		(323,107)	(218,579)	(207,217)
Other collections, net		(11,973)	20,536	42,873
Net cash flows from operating activities		1,338,713	1,201,794	1,022,138
Investing activities				
Acquisition of Subsidiary, net of cash acquired	2(b)	(1,212,599)	-	(1,864,344)
Sale of Subsidiary, net of cash	2(c)	5,834	-	-
Sale of property, installations, furniture and equipment	24	3,631	1,091	16,681
Sale of financial instruments at fair value with change in profit or loss		342,181	26,104	210,697
Sale of financial instruments at fair value through other comprehensive income		-	37,812	46,812
Purchase of property, installations, furniture and equipment, net of acquisition through leasing contracts	13(a)	(203,633)	(412,889)	(462,258)
Purchase and development of intangibles assets	15(a)	(39,312)	(20,445)	(44,902)
Purchase of financial instruments at fair value with change in profit or loss		(443,903)	(31,920)	(124,917)
Purchase of financial instruments at fair value through other comprehensive income	10(d)	-	(29,724)	(33,165)
Purchase of investment properties, net of acquisition through leasing	14(b)	(7,760)	(37,193)	(3,040)
Collection of loan to related parties		500	122,005	-
Loan granted to related parties		(1,860)	(117,250)	(3,314)
Net cash flows used in investing activities		(1,556,921)	(462,409)	(2,261,750)

Combined statements of cash flows (continued)

	Note	2020 S/(000)	2019 S/(000)	2018 S/(000)
Financing activities				
Proceeds from interest-bearing loans and borrowings, net of structuring cost		2,913,957	862,731	4,556,112
Proceeds from bond issuances		-	-	1,660,478
Payment of financial obligations and bonds issued		(1,637,757)	(788,580)	(5,227,147)
Contribution		-	-	884,001
Interest paid for financial obligations and notes senior issued		(183,182)	(187,547)	(168,896)
Payment of leases and interest	13(b.2)	(392,316)	(370,124)	-
Payment of premium for repurchase of bonds issued	19(e)	-	-	(52,806)
Dividends paid	21(c)	(277,176)	(168,707)	(21,658)
Net cash flows used in financing activities		423,526	(652,227)	1,630,084
Net increase of cash and short-term deposits		205,318	87,158	390,472
Cash and short – term deposits at the beginning of the year		701,730	614,572	224,100
Cash and short – term deposits at the end of the year	5(a)	907,048	701,730	614,572
Non-cash transactions				
Fixed assets acquired through leasing	13(a)	12,614	8,805	33,315
Initial recognition of right-of-use assets	13(b.1)	-	1,651,441	-
Addition of right-of-use assets	13(b.1)	298,978	239,079	-

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

Supermercados Peruanos S.A. and Subsidiaries, InRetail Pharma and Subsidiaries and InRetail Foods S.A.C.

Notes to the combined financial statements

As of December 31, 2020, 2019 and 2018

1. Identification and business activities

(a) Identification -

Patrimonio en Fideicomiso D.S. N º 093-2002-EF-InRetailConsumer (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 or abroad, when it will be necessary. As of December 31, 2020, 2019 and 2018, 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. were transferred in trust to this entity (as of December 2019 and 2018, the representative shares of capital stock of Supermercados Peruanos S.A. and Subsidiaries and InRetail Pharma S.A. and Subsidiaries were transferred).

Supermercados Peruanos S.A., InRetail Pharma S.A. and InRetail Foods S.A.C. (hereinafter "the Companies") were incorporated in June 1979, August 1996 and December 2020, respectively, in Lima, Peru. As of December 31, 2020, 2019 and 2018, those companies are subsidiaries of InRetail Perú Corp., which is a subsidiary of Intercorp Retail Inc., a subsidiary of Intercorp Perú Ltd. (holding company incorporated in The Bahamas, hereinafter "Intercorp Perú"), which is the ultimate parent and holds 100 percent of Intercorp Retail Inc.'s capital stock. As of those dates, InRetail Perú Corp. owns directly and indirectly the following percentages of ownership in these Companies:

	2020 %	2019 %	2018 %
Company			
Supermercados Peruanos S.A.	99.98	99.98	99.98
InRetail Pharma S.A.	87.02	87.02	87.02
InRetail Foods S.A.C.	99.99	-	-

(b) Business activities -

- Supermercados Peruanos S.A. is a food retailer. As of December 31, 2020, 2019 and 2018, it has a chain of stores operating under the "Plaza Vea", "Plaza Vea Super", "Vivanda", "Mass" and "Economax" 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 Center S.A.C. (before Peruana de Tiquetes S.A.C.), (ii) Plaza Vea Sur S.A.C. and (iii) Plaza Vea Oriente S.A.C.

  Likewise, at the General Shareholders' Meeting held on February 11, 2020, the merger of the subsidiaries Supermercados Peruanos S.A. and Plaza Vea Sur S.A.C. was approved, with the latter being absorbed; and, in December 2020, Supermercados Peruanos S.A., acquired 62.58 percent of Makro Supermayorista S.A., see note 2(b).

- InRetail Pharma S.A. is dedicated to the commercialization of pharmaceutical products, cosmetic products, food for medical use and other elements aimed for 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 December 31, 2020, 2019 and 2018, it mainly operates in Peru, 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) Droguería InRetail Pharma S.A.C., (iv) Farmacias Peruanas S.A.C. and (v) Quicorp S.A.

- InRetail Foods S.A.C. wad created only for the purpose of acquiring 37.42 percent of Makro Supermayorista S.A. (see note 2(b)). The merger of InRetail Foods S.A.C. and Supermercados Peruanos S.A. was approved by the Board of Directors on February 15, 2021.

The following is the summary of the main data of the Companies' financial statements used in the preparation of the combined financial statements as of December 31, 2020, 2019 and 2018, and for the years then ended:

	Supermercados Peruanos S.A. and Subsidiaries		
	2020 S/(000)	2019 S/(000)	2018 S/(000)
Total assets	6,718,941	4,998,535	3,699,404
Total liabilities	5,428,755	3,912,219	2,684,521
Equity	1,290,186	1,086,316	1,014,883
Operating profit	403,302	286,690	212,019
Net profit	119,563	100,666	78,951

	InRetail Pharma S.A. and Subsidiaries		
	2020 S/(000)	2019 S/(000)	2018 S/(000)
Total assets	5,803,532	5,611,798	5,056,369
Total liabilities	4,988,781	4,835,298	4,457,303
Equity	814,751	776,500	599,066
Operating profit	649,366	617,101	426,467
Net profit	282,561	294,645	154,592

	InRetail Foods S.A.C.
	2020 S/(000)
Total assets	519,430
Total liabilities	521,693
Equity	(2,263)
Operating profit	(1,075)
Net profit	(2,264)

The combined financial statements as of December 31, 2020, 2019 and 2018 were approved by Management of InRetail Perú Corp. on February 23, 2021.

(c) Global pandemic Covid-19 -

The variant of coronavirus, SARS-CoV-2 virus, which causes the disease known as "COVID-19," was first identified in Wuhan, China in December 2019 and on March 11, 2020, the World Health Organization recognized COVID-19 as a pandemic. In an effort to prevent the virus from spreading, governments around the world have implemented strategies that restrict social gathering and promote social distancing, such as quarantines, travel restrictions, closing of schools, workplaces, and shopping centers, among others. The rapid outbreak and the measures taken by governments to contain its spread have significantly impacted the world economy.

In this regard, the Peruvian Government declared, since March 2020, a National State of Emergency throughout the territory of Peru, being in force until the date of this report. Among the first actions taken within this National State of Emergency, were ordered the closing of the borders, compulsory social confinement, the lockdown of businesses deemed non-essential (exceptions were production, distribution and commercialization of food and pharmaceuticals, financial services and healthcare), among others; but which negative effects on the Peruvian economy were significant.

Subsequently, in May 2020, through Supreme Decree No. 080-2020, the Peruvian Government approved the gradual reopening of economic activities in order to mitigate the economic effects of the pandemic. The proposed reactivation would be in four phases based on the impact of each sector on the economy and the beginning of each of these phases was in constant evaluation following the recommendations of the Sanitary Authority.

- Phase 1 - beginning at the end of May 2020, concentrated activities in the Mining, Industrial, Construction (projects), Services and tourism sectors (restaurants with home delivery, services related to telecommunications, agriculture, notaries, recycling, maintenance and storage), and Trade (of agricultural products and electronic goods for the home).

- Phase 2 - beginning of June 2020, concentrated activities of Agriculture, Manufacturing, Commerce (sales, maintenance and repair of automobiles), Services (professionals, lodging, vehicle and machinery rental, telecommunications, interprovincial transport).

- Phase 3 - beginning by the end of June 2020, concentrated activities of Commerce (shops in general with a capacity of 50 percent, wholesale and retail), Tourism and Services (restaurants with a capacity of 40 percent, national air transport, lodging services, accounting, auditing, consulting, among others).

- Phase 4 - beginning by the end of September 2020, concentrated activities of Commerce (stores in general with a capacity of 60 percent, wholesale and retail), Tourism and Services (restaurants with a capacity of 50 percent, national and international air transport, entertainment with a capacity of 50 and 60 percent).

Although the actions implemented by the Peruvian Government reached to contain and partially mitigate the exponential spread of this disease, through quarantines, social distancing, promotion for the use of face masks and the early detection of positive cases to achieve its isolation; by not having effective drugs and vaccines against the virus, the danger of a new chain of infections is always present.

In this sense, to continue containing and mitigating the spread of COVID-19, during the end of the year, the Peruvian Government issued a series of Supreme Decrees, extending the Nacional State of Sanitary Emergency with a series of restrictions that vary depending on the level of each region until February 28, 2021. The defining alert levels are moderate, high, very high and extreme; that are granted to each of the regions of Peru, based on an evaluation carried out by the Ministries of Health, and that recede in the cases very high and extreme the phases of economic reactivation mentioned above.

Pursuant to the National State of Emergency, all of the operations of Supermercados Peruanos S.A. and InRetail Pharma S.A. were considered essential and as a result, during the COVID-19 pandemic, their stores and pharmacies have remained open to the public and their operations have not been materially affected.

In Management's opinion, while Supermercados Peruanos S.A. and InRetail Pharma S.A. have not been immune to the negative effects of the COVID-19 pandemic, the impact of such effects to their business has not been as substantial as in other sectors and business.

The companies included in the combined financial statements as of December 31, 2020, 2019 and 2018 continue evaluating the potential short-term and long-term implications of COVID-19 on its operations. The ultimate severity of the COVID-19 outbreak is uncertain at this time and therefore InRetail Consumer cannot predict the possible impact on the world, the Peruvian economy, the international financial markets, or ultimately on its financial condition.

2. Acquisitions and disposals subsidiaries

(a) Acquisition Quicorp Group -

In January 2018, InRetail Pharma S.A. (formerly Eckerd Perú S.A.) and NG Infra II S.A.C. (a non-related entity) created IR Pharma S.A.C. (formerly Chakana Salud S.A.C.), through cash contributions that resulted in a shareholding of 73.21 percent and 26.79 percent, respectively. The purpose of constituting IR Pharma S.A.C. was to acquire, through it, 100 percent of Quicorp S.A. and its following Subsidiaries (hereinafter and collectively, "Quicorp Group"): Química Suiza Comercial S.A.C., Química Suiza S.A.C., Cifarma S.A.C., Mifarma S.A.C., Empresa Comercializadora Mifarma S.A. (Bolivia), Botica Torres de Limatambo S.A.C., Vanttive S.A.C., Farmacias Peruanas S.A., Droguería La Victoria S.A.C., Vanttive Cía. Ltda. (Ecuador), Quifatex S.A. (Ecuador), Quimiza Ltda. (Bolivia), Química Suiza Colombia S.A.A. (Colombia), Albis S.A.C., Jorsa de la Selva S.A.C. and Superfarma Mayorista S.A.C. These entities operate in manufacturing, distribution and retail segments within the pharmaceutical sector in Peru, Ecuador, Bolivia and Colombia.

The acquisition was held on January 26, 2018, US$591 million were paid to obtain 100 percent of Quicorp Group's shares, financed through a bridge loan of US$1,000 million granted to InRetail Pharma S.A. by Citibank N.A. and J.P. Morgan Chase Bank N.A.; the difference was mainly allocated to the restructuring of different acquired debts. It is worth mentioning that this loan was completely settled in June 2018, mainly with the proceeds from issuances of "Senior Unsecured Notes" by InRetail Pharma S.A. (see note 19) and the collection of loans granted to related companies. On April 23, 2018, InRetail Pharma S.A. absorbed IR Pharma S.A.C., which was dissolved without being liquidated, thereby reducing the participation percentage of its majority shareholder (InRetail Perú Corp.) to 87.02 percent (before said merger, InRetail Perú Corp. held 100 percent of the capital stock of InRetail Pharma S.A.) and adding NG Infra II S.A.C. as a shareholder with 12.98 percent of the capital stock. As a result, as of December 31, 2018, InRetail Pharma S.A. is the only owner of the Quicorp Group. It is worth to mention that the contribution amounting to S/481,500,000 from NG Infra II S.A.C. for the acquisition of the Quicorp Group, made directly to IR Pharma S.A.C. and indirectly to InRetail Pharma S.A. considering the aforementioned merger, is presented in combined statements of changes in equity and is the result of the highest amount contributed over the nominal value of the shares received by NG Infra II S.A.C. from InRetail Pharma S.A.

Furthermore, between March and July 2018, various fusion processes between the acquired entities were performed, through which Mifarma S.A.C. absorbed Farmacias Peruanas S.A., Droguería La Victoria S.A.C. and Boticas Torres de Limatambo S.A.C., while Quicorp S.A. absorbed Química Suiza Comercial S.A.C.

The acquisition of the Quicorp Group 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 cost related to the acquisition, amounting to S/16,304,000, was recorded as an expense and is presented in the caption "Operating expenses" of the combined income statements, see note 23(b).

The following is the fair values of the identifiable assets and liabilities of the Quicorp Group at the date of acquisition:

	Fair value of the acquired entities S/(000)
Assets -	
Cash and short-term deposits	33,911
Trade accounts receivables	488,215
Other accounts receivables	160,762
Inventories	677,880
Property, installations, furniture and equipment, note 13(a)	429,289
Intangibles, note 15(a)	721,526
Deferred income tax assets, net, note 20(b)	64,562
Other assets	45,995
Liabilities -	
Trade accounts payables	(935,264)
Other accounts payables	(255,504)
Other accounts payables – contingencies	(35,556)
Interest-bearing loans and borrowings	(500,687)
Deferred income tax liabilities, note 20(b)	(269,508)
Total net assets identified at fair value	625,621
Goodwill generated in the acquisition, note 15(a) and 15(c)	1,272,634
Purchase price transferred	1,898,255

The net cash flow used in the acquisition is presented below:

	S/(000)
Total paid price	1,897,347
Agreed price adjustment at closing	908
Available funds of the acquired companies	(33,911)
	1,864,344

Since the date of its acquisition to December 31, 2018, Quicorp Group contributed with approximately S/4,143,235,000 of the combined revenue and S/182,812,000 of the combined profit before income tax of the InRetail Pharma Group.

The recorded goodwill amounting to S/1,272,634,000 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 in-force business.

(b) Acquisition 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/1,344,679,000), was arranged by JPMorgan Chase Bank, N.A. and contains covenants, including restrictions on incurrence of debt and maintenance of certain financial ratios, among others (see note 18(a)).

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:

	Fair value of the acquired entities S/(000)
Assets -	
Cash and short-term deposits	88,144
Trade accounts receivables	1,807
Other accounts receivables	48,541
Inventories	121,409
Property, installations, furniture and equipment, note 13(a)	692,592
Right-of-use assets, net, note 13(b.1)	23,884
Intangibles, note 15(a)	62,027
Other assets	1,719
Liabilities -	
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, note 20(b)	(86,820)
Total net assets identified at fair value	560,775
Goodwill generated in the acquisition, note 15(a) and 15(c)	739,968
Purchase price transferred	1,300,743

The recorded goodwill amounting to S/739,968,000 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 in-force business.

As mentioned before and considering that the acquisition date was December 23, 2020, the fair values of the identifiable assets and liabilities of Makro detailed above 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.

(c) Disposal Mifarma S.A. (Bolivia) -
On October 5, 2020, InRetail Pharma S.A. sold the shareholder interest in their Bolivian subsidiary Mifarma S.A. for approximately US$2,000,000 (equivalent to S/7,233,000), to a non-related entity, recording a profit of S/5,805,000, see note 24. The following is the assets and liabilities, at the date of disposals:

	05.10.2020 S/(000)
Assets -	
Cash and short-term deposits	1,399
Inventories	8,522
Property, furniture and equipment, note 13(a)	809
Right-of-use assets, net, note 13(b.1)	891
Other	610
	12,231
Liabilities -	
Trade accounts payables	7,586
Lease liabilities, note 13(b.2)	890
Other	2,327
	10,803
Net value	1,428

3. Summary of significant accounting policies

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

3.1 Basis of preparation and presentation

The combined financial statements have been prepared and presented solely for purposes of its incorporation in an offering memorandum of InRetail Consumer (a SPE; see Note 1(a)). Likewise, the combined 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 December 31, 2020, 2019 and 2018, respectively.

Furthermore, as of January 1, 2019, the companies applied IFRS 16 for the first time. The nature and the effect of the changes resulting from the adoption of these accounting pronouncements are described in note 3.3. Other standards and modifications were applied on that date; however, they did not have any impact on the combined financial statements as of December 31, 2019 and, therefore, they have not been disclosed. The information contained in these combined financial statements is the responsibility of the Companies' Corporate Management, who explicitly manifest that principles and criteria included on IFRS, as issued by the IASB are fully applied as of the date of combined financial statements.

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

3.2 Summary of significant accounting policies

(a) Basis of combination -

The combined financial statements comprise the respective consolidated financial statements of the Companies and their Subsidiaries, which have been prepared under IFRS, see note 1. For purposes of these combined financial statements, subsidiaries are fully consolidated from the date of their 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 transactions 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.

The non-controlling interests have been determined in proportion to the participation of minority shareholders in the equity and the results of the Companies in which they hold participation, and they are presented separately in the combined statements of financial position, the combined income statements and the combined statements of other comprehensive income.

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

Considering that InRetail Consumer is a Special Purpose Entity – SPE that was incorporated only for the purpose of issuing debt in the local market or abroad; 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 business or the Companies included in the combination, and which will guarantee the debt to be issued.

The explanation of combined adjustments and intercompany eliminations is presented in the following charts.

(a.1) The determination of the combined statements of financial position as of December 31, 2020 is presented below:

	Note	Balances of Supermercados Peruanos S.A. and Subsidiaries S/(000)	Balances of InRetail Pharma S.A. and Subsidiaries S/(000)	Aggregated S/(000)	Intercompany eliminations and reclassifications S/(000)	Combined adjustments (*) S/(000)	Combined as of 12.31.2020 S/(000)
Assets							
Current assets							
Cash and short-term deposits	(i)	339,971	550,113	890,084	-	16,964	907,048
Financial instruments at fair value through profit or loss	(i)	-	-	-	-	93,061	93,061
Financial instruments at amortized cost		-	-	-	-	24,624	24,624
Trade accounts receivables, net		66,165	523,091	589,256	-	-	589,256
Other accounts receivables, net		76,304	158,433	234,737	-	302	235,039
Accounts receivable to related parties	(i) and (ii)	44,922	7,935	52,857	(9,032)	3,023	46,848
Inventories, net		972,690	1,186,698	2,159,388	(867)	-	2,158,521
Prepayments		8,321	4,595	12,916	-	-	12,916
Total current assets		1,508,373	2,430,865	3,939,238	(9,899)	137,974	4,067,313
Other accounts receivables, net		32,810	29,671	62,481	-	3,713	66,194
Financial instruments at fair value through other comprehensive income		-	54,061	54,061	-	-	54,061
Derivative financial instrument – "Call Spread"		-	112,273	112,273	-	-	112,273
Property, installations, furniture and equipment, net		3,270,071	570,506	3,840,577	1,279	-	3,841,856
Investment properties, net		282,245	-	282,245	-	-	282,245
Right-of-use assets, net	(ii)	1,022,623	572,850	1,595,473	(49,668)	-	1,545,805
Intangible assets, net	(iii)	612,745	1,940,470	2,553,215	-	1,359,486	3,912,701
Other non-financial assets		-	7,949	7,949	-	-	7,949
Deferred income tax assets		3,279	84,887	88,166	(163)	-	88,003
Total assets		6,732,146	5,803,532	12,535,678	(58,451)	1,501,173	13,978,400
Liabilities and equity							
Current liabilities							
Trade accounts payables		1,654,949	1,593,595	3,248,544	-	317	3,248,861
Other accounts payables		335,346	245,625	580,971	2	31,782	612,755
Interest-bearing loans and borrowings	(ix)	138,067	189,871	327,938	-	1,344,679	1,672,617
Accounts payable to related parties	(ii)	849,270	4,081	853,351	(8,815)	(815,097)	29,439
Current income tax, net		829	72,855	73,684	(2)	-	73,682
Deferred revenue		2,516	11,162	13,678	-	-	13,678
Lease liabilities	(ii)	73,206	159,650	232,856	(3,130)	-	229,726
Total current liabilities		3,054,183	2,276,839	5,331,022	(11,945)	561,681	5,880,758
Other accounts payables		664	22,784	23,448	-	-	23,448
Interest-bearing loans and borrowings		1,113,976	213,081	1,327,057	-	-	1,327,057
Accounts payable to related parties		90,548	-	90,548	-	-	90,548
Senior notes issued		-	1,820,913	1,820,913	-	-	1,820,913
Lease liabilities	(ii)	1,013,413	448,648	1,462,061	(44,917)	-	1,417,144
Deferred revenue	(ii)	29,952	-	29,952	(4,811)	-	25,141
Deferred income tax liabilities, net	(iii)	132,990	206,516	339,506	(143)	111,916	451,279
Total liabilities		5,435,726	4,988,781	10,424,507	(61,816)	673,597	11,036,288
Equity							
Capital stock	(iv)	389,445	15,840	405,285	-	(35,734)	369,551
Capital premium	(iv)	327,429	482,835	810,264	-	(628,757)	181,507
Treasury shares		-	-	-	-	(9)	(9)
Additional paid - in capital	(iii)	-	-	-	-	706,427	706,427
Other equity reserves	(v) and (vi)	51,574	(7,691)	43,883	1,304	821,499	866,686
Retained earnings	(vi)	318,130	323,767	641,897	2,061	68,056	712,014
		1,086,578	814,751	1,901,329	3,365	931,482	2,836,176
Non-controlling interest		209,842	-	209,842	-	(103,906)	105,936
Total equity		1,296,420	814,751	2,111,171	3,365	827,576	2,942,112
Total liabilities and equity		6,732,146	5,803,532	12,535,678	(58,451)	1,501,173	13,978,400

(*) Include InRetail Consumer's and InRetail Foods S.A.C. balances.

(a.2) The determination of the combined statements of financial position as of December 31, 2019 is presented below:

	Note	Balances of Supermercados Peruanos S.A. and Subsidiaries S/(000)	Balances of InRetail Pharma S.A. and Subsidiaries S/(000)	Aggregated S/(000)	Intercompany eliminations and reclassifications S/(000)	Combined adjustments (**) S/(000)	Combined as of 12.31.2019 S/(000)
Assets							
Current assets							
Cash and short-term deposits	(i)	108,436	589,253	697,689	-	4,041	701,730
Financial instruments at fair value through profit or loss	(i)	-	-	-	-	13,903	13,903
Trade accounts receivables, net		54,484	488,875	543,359	-	-	543,359
Other accounts receivables, net		60,001	88,730	148,731	48	4	148,783
Accounts receivable to related parties	(i) and (ii)	25,260	8,977	34,237	(8,797)	1,583	27,023
Inventories, net		816,558	1,019,273	1,835,831	(784)	-	1,835,047
Prepayments		8,685	5,676	14,361	-	-	14,361
Total current assets		1,073,424	2,200,784	3,274,208	(9,533)	19,531	3,284,206
Other accounts receivables, net		20,192	24,745	44,937	-	2,667	47,604
Financial instruments at fair value through other comprehensive income		-	45,435	45,435	-	-	45,435
Derivative financial instrument – "Call Spread"		-	63,508	63,508	-	-	63,508
Property, installations, furniture and equipment, net		2,607,673	560,693	3,168,366	1,351	-	3,169,717
Investment properties, net		289,990	-	289,990	-	-	289,990
Right-of-use assets, net	(ii)	924,594	685,120	1,609,714	(50,733)	-	1,558,981
Intangible assets, net	(iii)	85,146	1,978,012	2,063,158	-	1,082,590	3,145,748
Other non-financial assets		-	7,208	7,208	-	-	7,208
Deferred income tax assets		2,137	46,293	48,430	(375)	(26)	48,029
Total assets		5,003,156	5,611,798	10,614,954	(59,290)	1,104,762	11,660,426
Liabilities and equity							
Current liabilities							
Trade accounts payables		1,369,043	1,531,833	2,900,876	(910)	-	2,899,966
Other accounts payables		156,069	233,281	389,350	-	2	389,352
Interest-bearing loans and borrowings		213,169	140,840	354,009	-	-	354,009
Accounts payable to related parties	(ii)	49,732	3,975	53,707	(7,887)	38	45,858
Current income tax, net		-	21,907	21,907	(606)	-	21,301
Deferred revenue		2,129	-	2,129	-	-	2,129
Lease liabilities	(ii)	59,152	218,620	277,772	(8,115)	-	269,657
Total current liabilities		1,849,294	2,150,456	3,999,750	(17,518)	40	3,982,272
Other accounts payables		-	21,289	21,289	-	-	21,289
Interest-bearing loans and borrowings		1,018,774	267,660	1,286,434	-	-	1,286,434
Accounts payable to related parties		88,824	-	88,824	-	-	88,824
Senior notes issued		-	1,694,413	1,694,413	-	-	1,694,413
Lease liabilities	(ii)	854,094	452,569	1,306,663	(43,828)	-	1,262,835
Deferred revenue	(ii)	27,171	8,149	35,320	(993)	-	34,327
Deferred income tax liabilities, net	(iii)	78,683	240,762	319,445	421	111,916	431,782
Total liabilities		3,916,840	4,835,298	8,752,138	(61,918)	111,956	8,802,176
Equity							
Capital stock	(iv)	389,445	15,840	405,285	-	(35,734)	369,551
Capital premium	(iv)	327,429	482,835	810,264	-	(628,757)	181,507
Treasury shares		-	-	-	-	(9)	(9)
Additional paid - in capital	(iii)	-	-	-	-	706,427	706,427
Other equity reserves	(v) and (vi)	41,582	8,006	49,588	-	820,769	870,357
Retained earnings	(vi)	327,860	269,819	597,679	2,628	29,131	629,438
		1,086,316	776,500	1,862,816	2,628	891,827	2,757,271
Non-controlling interest		-	-	-	-	100,979	100,979
Total equity		1,086,316	776,500	1,862,816	2,628	992,806	2,858,250
Total liabilities and equity		5,003,156	5,611,798	10,614,954	(59,290)	1,104,762	11,660,426

(**) Include InRetail Consumer's balances.

(a.3) The determination of the combined statements of financial position as of December 31, 2018 is presented below:

	Note	Balances of Supermercados Peruanos S.A. and Subsidiaries S/(000)	Balances of InRetail Pharma S.A. and Subsidiaries S/(000)	Aggregated S/(000)	Intercompany eliminations and reclassifications S/(000)	Combined adjustments (**) S/(000)	Combined as of 12.31.2018 S/(000)
Assets							
Current assets							
Cash and short-term deposits	(i)	137,139	475,547	612,686	-	1,886	614,572
Financial instruments at fair value through profit or loss	(i)	-	1,000	1,000	-	7,065	8,065
Trade accounts receivables, net		51,510	497,909	549,419	-	-	549,419
Other accounts receivables, net		47,068	149,508	196,576	-	2,997	199,573
Accounts receivable to related parties	(i) and (ii)	31,793	6,633	38,426	(4,427)	3,416	37,415
Inventories, net		680,256	1,056,996	1,737,252	(962)	-	1,736,290
Financial instruments at fair value through other comprehensive income		-	-	-	-	8,377	8,377
Prepayments		12,752	20,640	33,392	-	-	33,392
Total current assets		960,518	2,208,233	3,168,751	(5,389)	23,741	3,187,103
Other accounts receivables, net		4,207	25,317	29,524	-	-	29,524
Financial instruments at fair value through other comprehensive income		-	36,338	36,338	-	-	36,338
Prepayments		23,042	30,196	53,238	(482)	-	52,756
Derivative financial instrument – "Call Spread"		-	86,694	86,694	-	-	86,694
Property, installations, furniture and equipment, net	(ii)	2,422,662	588,897	3,011,559	1,447	-	3,013,006
Investment properties, net		202,597	-	202,597	-	-	202,597
Intangible assets, net	(iii)	84,137	2,011,459	2,095,596	-	1,082,590	3,178,186
Other non-financial assets		-	7,219	7,219	-	-	7,219
Deferred income tax assets		453	59,702	60,155	-	-	60,155
Total assets		3,697,616	5,054,055	8,751,671	(4,424)	1,106,331	9,853,578
Liabilities and equity							
Current liabilities							
Trade accounts payables		1,259,500	1,654,930	2,914,430	-	-	2,914,430
Other accounts payables		173,233	236,031	409,264	(3)	23	409,284
Interest-bearing loans and borrowings		201,538	210,181	411,719	-	-	411,719
Accounts payable to related parties	(ii)	15,717	3,342	19,059	(4,427)	22	14,654
Current income tax, net		-	10,665	10,665	-	-	10,665
Deferred revenue		2,931	19,116	22,047	-	-	22,047
Total current liabilities		1,652,919	2,134,265	3,787,184	(4,430)	45	3,782,799
Trade accounts payables		-	10,733	10,733	-	-	10,733
Other accounts payables		-	21,854	21,854	-	-	21,854
Interest-bearing loans and borrowings		837,951	310,140	1,148,091	-	-	1,148,091
Accounts payable to related parties		87,097	-	87,097	-	-	87,097
Senior notes issued		-	1,714,289	1,714,289	-	-	1,714,289
Deferred revenue		26,032	-	26,032	(123)	-	25,909
Deferred income tax liabilities, net	(iii)	78,734	263,709	342,443	-	111,916	454,359
Total liabilities		2,682,733	4,454,990	7,137,723	(4,553)	111,961	7,245,131
Equity							
Capital stock	(iv)	389,445	15,840	405,285	-	(35,734)	369,551
Capital premium	(iv)	327,429	482,835	810,264	-	(628,757)	181,507
Treasury shares		-	-	-	-	(9)	(9)
Additional paid - in capital	(iii)	-	-	-	-	706,427	706,427
Other equity reserves	(v) and (vi)	33,417	(7,484)	25,933	-	822,935	848,868
Retained earnings	(vi)	264,592	107,874	372,466	129	51,572	424,167
		1,014,883	599,065	1,613,948	129	916,434	2,530,511
Non-controlling interest		-	-	-	-	77,936	77,936
Total equity		1,014,883	599,065	1,613,948	129	994,370	2,608,447
Total liabilities and equity		3,697,616	5,054,055	8,751,671	(4,424)	1,106,331	9,853,578

(**) Include InRetail Consumer's balances.

(a.4) The determination of the combined income statements for the year ended December 31, 2020 is presented below:

	Note	Balances of Supermercados Peruanos S.A. and Subsidiaries S/(000)	Balances of InRetail Pharma S.A. and Subsidiaries S/(000)	Aggregated S/(000)	Intercompany eliminations S/(000)	Combined adjustments (*) S/(000)	Combined as of 12.31.2020 S/(000)
Net sales of goods	(ii)	6,850,901	6,908,176	13,759,077	(31,568)	-	13,727,509
Rental income	(ii)	52,708	92,876	145,584	(10,121)	-	135,463
Rendering of services	(ii)	13,174	190,431	203,605	(2,224)	-	201,381
Revenue		6,916,783	7,191,483	14,108,266	(43,913)	-	14,064,353
Cost of sales and services	(ii)	(5,118,789)	(4,992,245)	(10,111,034)	24,788	-	(10,086,246)
Gross profit		1,797,994	2,199,238	3,997,232	(19,125)	-	3,978,107
Changes in fair value of investment property in fair value of investment properties		(15,458)	-	(15,458)	-	-	(15,458)
Fair value effect of investment properties distributed to associates		1,722	-	1,722	-	-	1,722
Selling expenses	(ii)	(1,206,935)	(1,271,772)	(2,478,707)	15,112	-	(2,463,595)
Administrative expenses	(ii)	(160,652)	(287,583)	(448,235)	544	(1,794)	(449,485)
Other income		25,911	19,349	45,260	(835)	-	44,425
Other expense		(39,280)	(9,866)	(49,146)	564	-	(48,582)
Operating profit		403,302	649,366	1,052,668	(3,740)	(1,794)	1,047,134
Finance income		2,816	9,631	12,447	(6,155)	2,258	8,550
Finance costs	(ii)	(148,442)	(190,469)	(338,911)	10,720	(7,109)	(335,300)
Exchange difference, net		(75,695)	(44,509)	(120,204)	7	(367)	(120,564)
Profit before income tax		181,981	424,019	606,000	832	(7,012)	599,820
Income tax expense		(62,418)	(141,458)	(203,876)	45	-	(203,831)
Net profit		119,563	282,561	402,124	877	(7,012)	395,989
Attributable to:							
Supermercados Peruanos S.A. and InRetail Pharma S.A. shareholders		119,563	282,561	402,124	877	(43,713)	359,288
Non-controlling interests		-	-	-	-	36,701	36,701
Net profit		119,563	282,561	402,124	877	(7,012)	395,989

(*) Include InRetail Consumer's and InRetail Foods S.A.C. balances.

(a.5) The determination of the combined income statements for the year ended December 31, 2019 is presented below:

	Note	Balances of Supermercados Peruanos S.A. and Subsidiaries S/(000)	Balances of InRetail Pharma S.A. and Subsidiaries S/(000)	Aggregated S/(000)	Intercompany eliminations S/(000)	Combined adjustments (**) S/(000)	Combined as of 12.31.2019 S/(000)
Net sales of goods	(ii)	5,682,917	6,611,147	12,294,064	(33,154)	-	12,260,910
Rental income	(ii)	74,903	70,576	145,479	(9,563)	-	135,916
Rendering of services	(ii)	4,601	169,931	174,532	(1,524)	-	173,008
Revenue		5,762,421	6,851,654	12,614,075	(44,241)	-	12,569,834
Cost of sales and services	(ii)	(4,246,827)	(4,722,550)	(8,969,377)	26,247	-	(8,943,130)
Gross profit		1,515,594	2,129,104	3,644,698	(17,994)	-	3,626,704
Changes in fair value of investment property in fair value of investment properties		7,117	-	7,117	-	-	7,117
Fair value effect of investment properties distributed to associates		(2,626)	-	(2,626)	-	-	(2,626)
Selling expenses	(ii)	(1,113,595)	(1,279,397)	(2,392,992)	15,851	-	(2,377,141)
Administrative expenses	(ii)	(141,867)	(238,044)	(379,911)	53	(652)	(380,510)
Other income		36,936	20,730	57,666	-	10	57,676
Other expense		(14,869)	(15,292)	(30,161)	-	-	(30,161)
Operating profit		286,690	617,101	903,791	(2,090)	(642)	901,059
Finance income		2,487	15,260	17,747	-	918	18,665
Finance costs	(ii)	(142,121)	(201,864)	(343,985)	4,741	(59)	(339,303)
Exchange difference, net		13,243	8,547	21,790	(7)	(258)	21,525
Profit before income tax		160,299	439,044	599,343	2,644	(41)	601,946
Income tax expense		(59,633)	(144,399)	(204,032)	(168)	-	(204,200)
Net profit		100,666	294,645	395,311	2,476	(41)	397,746
Attributable to:							
Supermercados Peruanos S.A. and InRetail Pharma S.A. shareholders		100,666	294,645	395,311	2,476	(38,306)	359,481
Non-controlling interests		-	-	-	-	38,265	38,265
Net profit		100,666	294,645	395,311	2,476	(41)	397,746

(**) Include InRetail Consumer's balances.

(a.6) The determination of the combined income statements for the year ended December 31, 2018 is presented below:

	Note	Balances of Supermercados Peruanos S.A. and Subsidiaries S/(000)	Balances of InRetail Pharma S.A. and Subsidiaries S/(000)	Aggregated S/(000)	Intercompany eliminations S/(000)	Combined adjustments (**) S/(000)	Combined as of 12.31.2018 S/(000)
Net sales of goods	(ii)	5,070,319	6,482,682	11,553,001	(43,656)	-	11,509,345
Rental income	(ii)	67,231	63,067	130,298	(9,519)	-	120,779
Rendering of services	(ii)	7,089	158,132	165,221	(2,187)	-	163,034
Revenue		5,144,639	6,703,881	11,848,520	(55,362)	-	11,793,158
Cost of sales and services	(ii)	(3,793,624)	(4,769,117)	(8,562,741)	51,099	-	(8,511,642)
Gross profit		1,351,015	1,934,764	3,285,779	(4,263)	-	3,281,516
Changes in fair value of investment property in fair value of investment properties		2,706	-	2,706	-	-	2,706
Fair value effect of investment properties distributed to associates		956	-	956	-	-	956
Selling expenses	(ii)	(1,017,239)	(1,256,075)	(2,273,314)	2,424	-	(2,270,890)
Administrative expenses	(ii)	(136,045)	(247,621)	(383,666)	821	(2,840)	(385,685)
Other income		46,015	14,968	60,983	(1,374)	-	59,609
Other expense		(35,389)	(19,569)	(54,958)	2,821	-	(52,137)
Operating profit		212,019	426,467	638,486	429	(2,840)	636,075
Finance income	(vii)	3,704	33,834	37,538	662	(10,320)	27,880
Finance costs	(viii)	(77,750)	(182,664)	(260,414)	-	(77,207)	(337,621)
Exchange difference, net	(viii)	(4,301)	(32,976)	(37,277)	-	1,668	(35,609)
Profit before income tax		133,672	244,661	378,333	1,091	(88,699)	290,725
Income tax expense		(54,721)	(90,069)	(144,790)	-	(117)	(144,907)
Net profit		78,951	154,592	233,543	1,091	(88,816)	145,818
Attributable to:							
Supermercados Peruanos S.A. and InRetail Pharma S.A. shareholders		78,951	154,592	233,543	1,091	(105,371)	129,263
Non-controlling interests		-	-	-	-	16,555	16,555
Net profit		78,951	154,592	233,543	1,091	(88,816)	145,818

(**) Include InRetail Consumer's balances.

(a.7) Notes to the determination of combined financial statements are presented below:

(i) As of December 31, 2020, 2019 and 2018, correspond to current bank accounts and time deposits owned by InRetail Consumer for S/16,964,000, S/4,041,000 and S/2,118,000, respectively, financial instruments at fair value through profit or loss for S/93,061,000, S/13,903,000 and S/7,065,000, respectively, and trade receivables to related parties for S/3,023,000, S/1,853,000 and S/225,000, respectively. Additionally, as of December 31,2020, it includes financial instruments at amortized cost for S/24,624,000.

(ii) Intercompany eliminations of balances and transactions, which mainly correspond to commercial transactions between the Companies (rental and/or rights of use of property, sale of merchandise vouchers, key money, etc.).

(iii) Corresponds mainly to the "Inkafarma" commercial brand and goodwill recorded in the consolidated financial statements of InRetail Perú Corp. and Subsidiaries, as a consequence of the acquisition of InRetail Pharma S.A. and Subsidiaries for approximately S/373,054,000 and S/709,472,000 as of December 31, 2020, 2019 and 2018, respectively. Likewise, as of December 31, 2020, 2019 and 2018, the deferred tax liability related to this commercial brand amounts to approximately S/111,916,000. The "Inkafarma" commercial brand is considered as an intangible with indefinite useful live. The inclusion of this assets and its deferred tax liability were recorded against the caption "Additional paid - in capital" in the combined statement of financial position. Additionally, as of December 31,2020, the column "Combines Adjustments" includes the goodwill kept by InRetail Foods S.A., as a consequence of the acquisition of Makro Supermayorista S.A. for approximately S/276,896,000.

(iv) Corresponds mainly to the cash contributions made by InRetail Consumer to Supermercados Peruanos S.A. for a total amount of approximately S/182,837,000; likewise, the non-controlling interest have been determined of the Companies of S/64,872,000, which has been eliminated for purposes of these combined financial statements.

(v) Corresponds to a contribution of S/402,461,000 received by InRetail Consumer from InRetail Perú Corp., such contribution was used in 2018 for the pre-payment of the Senior Notes issued, see notes 1(c) and 19(e).

(vi) Adjustments related to the constitution of non-controlling interest as of December 31, 2020, 2019 and 2018.

(vii) Elimination of operations between InRetail Consumer and the Companies.

(viii) As of December 31, 2018, mainly corresponds to the premium paid for the anticipated cancelation of the senior notes, 12(c) and 19(e).

(ix) During December 2020, InRetail Consumer acquired a Bridge Facility with JP Morgan Chase Bank N.A. for approximately US$375,000 (equivalent to S/1,344,679,000 as of December 31,2020), see note 2(b) and 18(a).

(b) Business combinations and goodwill -
Acquisitions are recorded using the purchase method of accounting, as defined in IFRS 3 "Business Combinations", applicable to the date of each transaction. Assets and liabilities are recorded at their estimated market values at the date of purchase, including identified intangible assets not recognized in the statements of financial position of each entity acquired. Acquisition costs incurred are registered as expenses and are included in the caption "Administrative expenses" of the combined financial statements.

When the Companies acquire a business, they assess the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Goodwill generated as a consequence of the acquisition of InRetail Pharma S.A. and Subsidiaries (see paragraph (a.5.iii) above), Quicorp S.A. and Subsidiaries (see note 2(a) above) and Makro Supermayorista S.A. (see note 2(b) above), is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in combined income statements as profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Companies cash-generating units that are expected to benefit from the combination.

(c) Financial instruments - Initial recognition and subsequent measurement -
As of the date of the combined financial statements, the Companies classify their financial instruments in the following categories defined on IFRS 9 (2018 version): (i) financial assets at amortized cost, (ii) financial assets at fair value through other comprehensive income, (iii) financial assets at fair value through profit or loss, (iv) financial liabilities at amortized cost or (v) financial liabilities at fair value through profit or loss.

The main criteria of IFRS 9 are described below:

(i) Financial assets –

Initial recognition and measurement –

The Companies determine the classification of financial assets at initial recognition. All financial assets are initially recognized at their fair value plus the incremental costs related to the transaction that are directly attributable to the purchase, with the exception of financial assets at fair value through profit or loss.

The Companies' financial assets include cash and short-term deposits, financial instruments at fair value through profit or loss, trade receivables, other receivables, accounts receivable from related parties and financial instruments at fair value through other comprehensive income.

Subsequent measurement -

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost (debt instruments).
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments).
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments).
- Financial assets at fair value through profit or loss.

The classification depends on the Companies' business model and the financial asset's contractual cash flow characteristics.

Financial assets are not reclassified after initial recognition, except if the Companies change their business model.

As of December 31, 2020, 2019 and 2018, the Companies only maintain financial assets classified in the following categories:

Financial assets at amortized cost -Debt instruments -

The Companies measure financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest method (EIR) and are subject to impairment. These assets generate income from interest accrued prior to maturity of disposal. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

Such category includes cash and cash equivalents, trade accounts receivable, other accounts receivable and accounts receivable from related parties.

Likewise, in September 2020, InRetail Consumer acquired a Structured Note for US$6,821,000 (equivalent to S/24,624,000 as of December 31,2020), the underlying asset for this note were bonds issued by Colegios Peruanos S.A, whose yield to maturity was 6.25 percent. This instrument was deemed on January 2021.

Financial assets at fair value through OCI - Equity instruments (shares) -
Equity instruments (shares) held for trading are recorded at fair value through profit or loss. For other equity instruments, the Companies should classify irrevocably each equity investment (shares) at fair value through OCI or at fair value through profit or loss. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never transferred to profit or loss. Dividends are recognized as other income in the combined income statement when the right of payment has been established, except when the Companies benefit from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

As of December 31, 2020, 2019 and 2018, this category included InRetail Perú Corp. shares held by the Companies.

Financial assets at fair value through profit or loss -
Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value.

Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments and financial assets with cash flows that are not solely payments of principal and interest with independence of the business model.

Financial assets through profit or loss are carried in the combined statement of financial position at fair value, and net changes in such fair value are presented as financial expenses (net negative changes in fair value) or financial income (net positive changes in fair value) in the combined statement of income.

As of December 31, 2020, 2019 and 2018, this category only includes mutual funds, which are presented in the caption "Financial instruments at fair value through profit or loss" in the combined statement of financial position. The changes in fair value are recorded in the combined income statement in the caption "Financial income".

Derecognition -
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized when:

- The rights to receive cash flows from the asset have expired; or
- The Companies have transferred its rights to receive cash flows generated by the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) substantially all the risks and benefits of the asset have been substantially transferred; or (b) substantially all the risks and benefits of the asset have not been transferred or retained, but control over it has been transferred.

The Companies will continue to recognize the asset when they have transferred their rights to receive cash flows from an asset or entered into an intermediation arrangement, but have not transferred or retained substantially all the risks and benefits of the asset and have held the asset control over it. In this case, the Companies will recognize the asset transferred based on its continuous involvement and will also recognized the related liability. The transferred asset and the related liability will be measured on a basis that reflects the rights and obligations by the Companies.

Impairment of financial assets -
The Companies recognize an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Companies expect to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements.

For trade receivables and contract assets, the Companies apply a simplified approach in calculating ECLs. Therefore, the Companies do not track changes in credit risk, but instead recognize a loss allowance based on lifetime ECLs at each reporting date. The Companies have established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

(ii) Financial liabilities -
Initial recognition and measurement -
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and payables, net of directly attributable transaction costs.

The Companies' financial liabilities include trade payables, other payables, accounts payable to related parties, interest-bearing loans and borrowings, lease liabilities and senior notes issued.

Subsequent measurement -
The measurement of financial liabilities depends on their classification, as described below:

Loans and borrowings -
After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in the combined income statement when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium upon acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as financial costs in the combined income statement.

This category includes trade payables, other payables, accounts payable to related parties, interest-bearing debts and loans, lease liabilities and senior notes issued.

Financial liabilities at fair value through profit or loss -
Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near future; gains or losses related to these liabilities are recognized in results. This category also includes derivative financial instruments entered by the Companies that are not designated as hedging instruments in hedge relationships as defined by IFRS 9.

As of December 31, 2020, 2019 and 2018, the Companies have not designated any financial liability at fair value through profit or loss.

Derecognition -
A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the combined income statement.

(iii) Offsetting of financial instruments -
Financial assets and financial liabilities are offset and the net amount is reported in the combined statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

(d) Derivative financial instruments and hedging accounting -
Negotiation –
Derivatives financial instruments for negotiation are initially recognized in the combined statements of financial position at cost and subsequently are recognized at fair value. The fair value is obtained based on the prices, exchange rates, and market interest rates. All the derivatives are considered as assets when the fair value is positive and as liabilities when the fair value is negative. The gains and losses arisen by the changes in the fair value are recognized in the combined income statements.

As of December 31, 2020, 2019 and 2018, the Companies do not maintain derivatives financial instruments classified as negotiation.

Hedging–
Derivatives are initially recognized at the fair value prevailing on the date a derivative contract is entered into and are subsequently remeasured at their fair value. All derivatives are recognized as assets when the fair value is positive and as liabilities when the fair value is negative.

Derivatives can be designated as hedging instruments under hedge accounting if they qualify as such. Depending upon the nature of the hedged item, the method for recognizing gains or losses from changes in fair value will be different. These derivatives, which are used to hedge exposures to risk or modify the characteristics of financial assets and liabilities and which meet IFRS 9 criteria are recognized as hedging accounting.

In accordance with IFRS 9, to qualify for hedge accounting, all of the following conditions must be met:

(i) The hedging relationship consists of only hedging instruments and eligible hedged items

(ii) At the inception of the hedge, there is formal designation and documentation of the hedging relationship and the entity's risk management objective and strategy for undertaking the hedge. This documentation will include the identification of the hedging instrument, the hedged item, the nature of the risk being hedged and the way the entity will assess if the hedging relationship meets the hedge effectiveness requirements.

(iii) The hedging relationship meets all the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Companies actually hedge and the quantity of the hedging instrument that the Companies actually use to hedge that quantity of hedged item.

IFRS 9 has three categories for hedge accounting: fair value hedge, cash flow hedge and net investment hedge for foreign operations. The Companies only uses derivatives as cash flow hedging instruments.

For designated derivatives that qualify as a cash flow hedge, the effective portion of the gains or losses on the derivative is recognized in other comprehensive income for cash flow hedges and is reclassified to profit or loss in the same period or periods in which the hedge transaction affects the profit or loss. The part of gain or loss on derivatives that represents the ineffective portion, or the components of the hedge excluded from the effectiveness evaluation is recognized immediately in the period's profit or loss. The amounts originally recorded in other comprehensive income and subsequently reclassified to profit or loss are recorded in the corresponding expense or income lines in which the hedged item is reported.

When a hedging instrument expires or is sold, when a hedge no longer meets the criteria for hedge accounting and also when the Companies re-designate a hedge, any cumulative loss or gain existing in other comprehensive income is retained and recognized as income or expense when the hedged item is ultimately recognized in the combined income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss recognized in other comprehensive income is immediately transferred to the combined income statement.

(e) Fair value of financial instruments -
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by Companies. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Companies use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the financial statements at fair value on a recurring basis, the Companies determine whether transfers have occurred between levels in the hierarchy by re-assessing categorization at the end of each reporting period.

Management determines the policies and procedures for both recurring and non-recurring fair value measurement. At each reporting date, the Management analyses the movements in the values of assets and liabilities that must be valued in accordance with the accounting policies of the Companies.

For the purpose of fair value disclosures, the Companies have determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above. The fair value of financial instruments measured at amortized cost it presented in note 30.

(f) Foreign currency transactions –

(i) Functional and presentation currency -

The functional currency of the Companies is the Sol, because it reflects the economic substance of the underlying events and circumstances relevant to the Companies, insofar as their main operations and/o transactions, sales, cost of sales, obtained financing and an important percentage of purchases are established and paid in Soles. For each subsidiary, Management evaluated and determined the functional currency, concluding that in all cases correspond to the currencies of the countries where its Subsidiaries operate.

Because some Subsidiaries have a functional currency different from the Sol, its balances were translated for consolidation purposes using the methodology established by IAS 21 "Effects of changes in rates change in foreign currency ", as follows:

- Assets and liabilities at the closing exchange rate at the date of each combined statements of financial position.
- Income and expense at the average exchange rate of each month.

As a result of the conversion, as of December 31, 2020, 2019 and 2018, the Companies have recorded the difference in the item "Unrealized losses on foreign currency translation" of the combined statement of comprehensive income.

(ii) Transactions and balances in foreign currency -

Foreign currency transactions are those performed in a currency other than the functional currency. Transactions in foreign currencies are initially recorded by the entities at the functional currency using the exchange rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency using the spot rate of exchange rate prevailing at the reporting date of combined statement of financial position.

Exchange rate gains or losses resulting from restating the monetary assets and liabilities into foreign currency at the exchange rates prevailing at the combined statements of financial position date or at their settlement date are recorded in the caption "Exchange difference, net" of the combined income statements.

Non-monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate prevailing at the transaction date.

(i) Cash and short-term deposits -
Cash and short-term deposits in the combined statements of financial position comprise cash in banks and on hand and short-term deposits with an original maturity of three months or less.

For the purpose of the combined statements of cash flows, cash consists of cash and short-term deposits as defined above.

(j) Inventories -
Inventories are valued at the lower of cost and net realizable value. Commercial discounts, price reductions and other similar items decrease the acquisition cost. Cost is determined by applying the average cost method, except in the case of inventory in transit, which is presented at its specific acquisition cost.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

The reduction of inventories' carrying amounts to their net realizable value are conducted based on the specific analyses and are recorded as provision for inventory impairment in the item "Costs of sales and services" of the combined income statement for the period such reductions are made.

The provision for reductions is calculated based on the average historical losses incurred during the year, including the last physical inventory made before the year ended. This provision is recorded as inventory impairment in the combined income statement.

Discounts, price reduction and other discounts obtained according to the volume of purchases are deducted from goods on the date the discounts are granted by suppliers, and from the sale cost when related goods are sold.

As there are different types of discount, the Companies need to estimate the distribution of discounts among the goods sold and the inventory held to the date of the combined statement of financial position. Management carries out said estimations based on the daily discounts effectively granted by suppliers and the turnover ratio per type of product.

(k) Prepayments -
The criteria adopted to record these items are the following:

- Operating lease payments made in advance are recorded as an asset and recognized as an expense over the rental period.
- Payments in advance for advertising are recorded as an asset and are recognized as expenses when the service is accrued.

In addition, until December 31, 2018, the Companies also applied the following criteria:

- Lease payments made in advance are recorded as an asset and recognized as an expense when the lease term is accrued.
- The key money corresponding to the amounts paid by the Companies for the rights of use of certain commercial stores are amortized over the term of the respective contracts.

(l) Property, installations, furniture and equipment -
Property, furniture and equipment are stated at cost, net of the accumulated depreciation and/or accumulated impairment losses, if any. The historical acquisition cost includes expenses that are directly attributable to the acquisition of assets. Such cost includes the cost of replacing component parts of the property, furniture and equipment and borrowing costs for long-term construction projects if the recognition criteria are met, as indicated in paragraph (u) below.

When significant parts of property, furniture and equipment are required to be replaced at intervals, the Companies derecognize the replaced part, and recognize the new part with its own associated useful life and depreciation. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in the combined income statements as incurred. The present value of the expected cost for the decommissioning of the asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Lands are not depreciated. Depreciation is calculated on a straight-line basis over the estimated useful lives described in note 13.

An item of property, furniture and equipment and any significant part initially recognized is derecognized when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the combined income statements when the asset is derecognized.

The asset's residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

Work in progress represents buildings in construction and is recorded at cost. This includes the construction cost and other direct costs. Work in progress does not depreciate until relevant assets are concluded and operative.

As indicated in the following paragraph (n), for the transfers made from investment properties to property, installations, furniture and equipment, the attributed cost considered for the subsequent recognition is the asset's fair value at the date the use changes.

(m) Leases -

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date, whether fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

The Companies as lessees -

As detailed in note 4.2, from January 1, 2019, and after the adoption of IFRS 16, the InRetail Group as a lessee applies a single recognition and measurement approach for all lease contracts, with the exception of short-term and low-value contracts.

(m.1) Right-of-use assets –

The Companies recognize right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. The Companies maintain as right-of-use assets: land, buildings and facilities, and vehicles. Land is not depreciated; other right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, between 2 and 60 years, and are presented in note 13(b).

If ownership of the leased asset is transferred to the lessee at the end of the lease term or if the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in section (p) Impairment of non-financial assets.

(m.2) Lease liabilities -

At the commencement date of the lease, the Companies recognize lease liabilities measured at the present value of lease payments to be made over the lease term. Lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. Lease payments also include the price to exercise a purchase option that the Companies are reasonably certain to exercise and the penalties for terminating the lease, if the lease term does not reflect that the Companies will exercise a termination option. Variable lease payments that do not depend on an index or a rate are recognized as expenses in the period in which the event or condition that triggers the payment occurs.

When calculating the present value of lease payments, the Companies apply the incremental borrowing rate at the lease commencement date, as the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities' carrying amounts are increased to reflect the accumulation of interests and reduced to reflect the lease payments made. In addition, lease liabilities' carrying amounts are remeasured if there is a modification due to changes in the lease term, the assessment of a purchase option, the amounts expected to be payable under a residual value guarantee, and future lease payments resulting from a change in an index or a rate.

(m.3) Short-term leases and leases of low-value assets -

The Companies apply the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Until December 31, 2018, leases in which a significant portion of assets' risks and benefits were retained by the lessor were classified as operating leases. As detailed in note 3.3, in the adoption of IFRS 16, the Companies used the exemption for short-term and low-value assets proposed by that standard; therefore, short-term and low-value leases are still classified as operating leases and the expenses incurred for these leases are recorded in the item "Administrative expenses" of the combined income statement.

The Companies as lessors -

As detailed in note 3.3, there were no substantial changes for lessor accounting in the adoption of IFRS 16. The InRetail Group continues to classify leases as operating or financial using similar principles to those of IAS 17.

Leases in which the Companies do not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income obtained from investment properties is accounted for on a straight-line basis over the lease terms and is recorded as income in the combined income statement due to its operating nature, except for the contingent rental income, which is recognized when it arises. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income.

(n) Investment properties -
Investment properties comprise completed property and property under construction or redevelopment held to earn rentals or for capital appreciation or both.

Investment properties are measured initially at cost, including transaction costs. Transaction costs include transfer taxes, professional fees for legal services and initial leasing commissions to bring the property to the condition necessary for it to be capable of operating.

Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in the combined income statements in the period in which they arise. The fair value is evaluated annually by the Management.

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the income statements in the period of derecognition. Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to component of property, installations, furniture and equipment, the deemed cost for subsequent accounting is the fair value at the date of change. If a component of property, furniture and equipment becomes an investment property, the Companies accounts such property in accordance with the policy stated under property, furniture and equipment up to the date of change in use.

(o) Intangible assets -
The intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost minus accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding development capitalized costs, are not capitalized and expenditure is reflected in the income statements in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortized on a straight-line basis over their useful economic lives (see note 15), and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense for intangible assets with finite lives is recognized in the combined income statements in the expense category consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the combined income statements when the asset is derecognized.

(p) Impairment of non-financial assets -

The Companies assess at each end of year, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required (goodwill and intangible assets with indefinite useful lives), the Companies estimate the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's (CGU) fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate any cash inflows that are largely independent of those from other assets or group of assets.

When the carrying amount of an asset or CGU exceeds its recoverable value, the asset is considered impaired and is written down to its recoverable amount. In calculating the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Cash flows come from the budget for the asset's remaining economic life and do not include restructuring activities to which the Companies have not yet committed or significant future investments that would increase the performance of the good or the CGU being tested. In determining fair value less costs of disposal, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

The Companies base their impairment calculation, if needed, on detailed budgets and forecast calculations which are prepared separately for each of the Companies' cash generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long term growth rate is calculated and applied to project future cash flows after the fifth year.

The recoverable amount is highly sensitive to the discount rate used for the discounted cash flow model and the expected future cash flows. Impairment losses are recognized in the combined income statement.

(q) Employee benefits -

Short term -

The Companies have short-term obligations corresponding to benefits to its employees that include: wages, social contributions, bonuses, performance bonuses and employees' profit sharing. These obligations are recorded on a monthly basis with charge to the combined statement of comprehensive income as they accrue.

Long term -

According to the current legislation in Ecuador, an employer's retirement and resignation plan is maintained. The present value of the defined benefit obligations is determined annually based on actuarial studies performed by an independent expert, using the projected credit unit method, and it is presented under the "Other payables" caption in the combined statement of financial position, see note 17(c). Fluctuations in the present value of the defined benefit obligations are recorded in the period's other comprehensive income; however, the amount of this fluctuations has not been significant during years 2020, 2019 and 2018.

(r) Provisions -

Provisions are recognized when the Companies have a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Companies expect some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the combined income statements net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost in the combined income statements.

(s) Contingencies -
A contingent liability is disclosed when the existence of an obligation shall only be confirmed by future events or when the amount of the obligation cannot be measured with sufficient reliability. Contingent assets are not recognized but are nonetheless disclosed when it is probable that generates an income of economic benefits to the Companies.

Given their nature, contingencies shall only be settled when one or more future events occur or not. The determination of contingencies involves inherently the exercise of judgment and the calculation of estimates on the results of future events.

(t) Revenue from contracts with customers -
IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers. In this regard, that revenue will be recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The Companies revenue mainly correspond to sale of goods. These sales occur at a point in time when control of the asset is transferred to the customer, generally on delivery of the goods. The Companies concluded that they act as the principal in their sales contracts, because they control the goods or services before they are transferred to their customers.

(i) Sale of goods -
For such revenue, the sale of goods is the only performance obligation. The revenue recognition occurs at a point in time when control of the asset is transferred to the customer, generally on delivery of the goods. Cost of sales, which is the cost of the products that the Companies sell, is recognized when goods are delivered, simultaneously with the recognition of revenue for the corresponding sale.

Otherwise, it has been identified that their only significant variable consideration corresponds to some contracts with customers that provide a right of return. When a contract with a customer provides a right of return in a specific period, the Companies recognize such right over a historical estimate of returns basis. Consequently, income related to the expected returns is adjusted with expense provisions in the combined statements of income, when they directly affect the revenue from contracts with customers.

(ii) Rental income -
Rental income obtained from investment properties is accounted for on a straight-line basis over the lease term and is recorded as income in the combined income statement due to its operating nature, except for the contingent rental income, which is recognized when it arises.

The lease term is the non-cancellable period, together with any other additional period for which the lessee has the option to extend the lease, if Management is reasonably certain, at the date of the commencement date, that the lessee will exercise that option.

The amounts received from lessees to resolve rents or offset impairment of leased facilities are recorded as income in the combined income statement when the right to receive them arises.

Service charges, management charges and others recoverable expenses paid by lessees, and the income from expenses charged to lessees are recognized in the period in which the compensation becomes receivable. Service and management charges and other invoices are included in the gross rental income of related costs, as Management considers that the Companies acts as principal.

(iii) Key money -
The incentives granted by the lessees to enter into lease (key money) are distributed, agreements are recognized into income evenly over the lease term, even if the payments are not made on such a basis. The deferral term for incentives will correspond to the non-accrual period of the lease contract, as well as any other term for which the tenant has the option to extend the leasing contract and of which the Management of the Companies is certain the tenant will make use. These values are presented in "Deferred income" in the combined statement of financial position.

Amounts received from lessees to terminate leases or to compensate for wear and tear are recognized in the combined income statements when they arise.

The income related to service charges, management expenses and other expenses recoverable from tenants are recognized in the period in which such compensations are demandable. Management services charges and other income are included in the gross leasing income net of the related costs.

(iv) Other income, costs and expenses -
Other income, costs and expenses are recognized as they accrue, regardless of when they are paid, and recorded in the periods to which they relate.

Furthermore, the Companies have concluded that the only significant variable considerations correspond to some contracts with customers that involve return rights for sales. When a contract with a customer provides the latter with the right to return a good within a specific period, the Companies record that right using a historical return estimate. In this sense, the value of the income related to expected returns is adjusted through the recognition of provisions in the combined income statement, when they directly affect the revenue from contracts with customers.

(u) Borrowing costs –
Loan costs that are directly attributable to acquisition, construction or production of an asset which takes a long time to get ready for its intended use or sale are capitalized as part of the asset's cost. These costs are capitalized as part of the cost of the asset, provided that they are likely to lead to future economic benefits for the entity and can be reliably measured. All other borrowing costs are expensed when they accrue and include interest charges and other costs incurred by the Companies in the execution of the respective loan agreements. Non-accrued borrowing costs reduce the liability that gave rise to them.

(v) Taxes -
The income tax of the Companies is determined based on the non-consolidated financial statements of each entity and the taxable income determined for taxing purposes.

Current income tax and employee's profit sharing -
Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authority, based in the financial statements for entity. The tax rates and tax laws used to compute the amount of current income tax due for the fiscal year are those that are enacted or substantively enacted, at the statement financial position date. In accordance with Peruvian law, employee's profit sharing is calculated over the same basis for calculating current income tax and in the case of Ecuador over the basis of the financial profit.

Current income tax relating to items recognized directly in combined equity is recognized in combined equity and not in the combined income statements. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax –
Deferred income tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, does not affects neither the accounting profit nor taxable profit or loss;

- In respect of taxable temporary differences associated with investments in Subsidiaries, associates and interests in joint ventures, when the timing of the reversal can be controlled and it is probable that the temporary differences will not be reversed in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses. Deferred tax assets are recognized to the extent that it is probable taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date, or whose approval procedure is close to being completed by that date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in combined equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Value added tax -
Income from ordinary activities, expenses and assets are recognized excluding the value added tax, except:

- When value added tax (VAT) incurred in an acquisition of assets or services is not recoverable from the tax authority, in which case the VAT is recognized as part of the acquisition cost of the asset or as part of the expense item, as appropriate;

- Accounts receivable and payable that are already expressed with the amount of the VAT included.

The net amount of the VAT that can be recovered from or payable to the tax authority is included as part of the other accounts receivable or payable in the combined statement of financial position.

(w) Customer loyalty programs –
Revenues related to the loyalty program "Inkaclub" and "Monedero del Ahorro" are recognized according to the market value of the benefits delivered to the customers (considering historical information related to utilization and maturity). Deferred income related to this program is included into the caption "Deferred revenue" of the combined statement of financial position.

(x) Segment reporting –
The Companies report financial and descriptive information about their reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are a component of an entity for which separate financial information is available that is evaluated regularly by the entity's Chief Operating Decision Maker ("CODM") in making decisions about how to allocate resources and in assessing performance. Generally, financial information is reported on the same basis as it is used internally for evaluating operating segment performance and deciding how to allocate resources to segments, note 29.

(y) Capital premium -
Corresponds to the difference between the nominal value and the issuance price in the market of each share. The share premium is presented net of the expenses incurred in the shares' issuance.

(z) Subsequent events -
Subsequent events that provide additional information about the combined financial situation of the Companies as of the date of the combined statement of financial position (adjustment events) are included in the combined financial statements. Relevant subsequent events that are not adjustment events are disclosed in notes to the combined financial statements.

3.3 Changes in accounting policies and disclosures

From January 1, 2019, the Companies have been applying for the first time IFRS 16 "Leases" and IFRIC 23 "Uncertainty over Income Tax Treatments", the main impacts in the combined financial statements are explained below on this note.

Other standards, interpretations and amendments were also applied for the first time in 2019, but had no significant impact on the combined financial statements of the Companies as detailed below in this note.

On the other hand, from January 1, 2018, the Companies have been applying IFRS 15 "Revenue from Contracts with Customers", which had no significant impact or differences in comparison with IAS 18 with regard to the moment when the Companies recognizes revenue or when revenue should be recognized as gross if the Companies is the principal or net if it is an agent, due to the type of operations the Companies carries out.

The Companies have not adopted any standard, interpretation or amendment that was issued but is not effective.

- **First adoption of IFRS 16 "Leases"**
  IFRS 16 replaced IAS 17 "Leases", IFRIC 4 "Determining Whether an Arrangement Contains a Lease", SIC-15 "Operating Leases – Incentives", and SIC- 27 "Evaluating the Substance of Transactions Involving the Legal Form of a Lease". This standard establishes the principles for recognition, measurement, presentation and disclosure of leases and requires lessees to recognize the majority of lease contracts in the statement of financial position.

  This new standard did not substantially change the accounting for lessors previously established by IAS 17. Lessors will continue classifying leases as operational or financial based on principles that are similar to those of IAS 17. Therefore, IFRS 16 had no impact on leases where the Companies acts as a lessor.

  The Companies adopted IFRS 16 using the modified retrospective approach through an adjustment resulting from the cumulative effect as of January 1, 2019, not restating the amounts of comparative periods. The Companies chose to apply this standard to all the contracts entered into before January 1, 2019, that were identified as leases according to IAS 17.

  The Companies also used the exemption proposed by this standard for lease contracts for which lease terms end within 12 months of the date of the initial application, and lease contracts for which the underlying asset is of low value. The Companies had leases for some office equipment (such as, computers, printers and photocopies) that were considered of low value.

  - *Leases previously classified as finance leases* -
    The Companies did not modify the initial carrying amount of assets and liabilities through finance leases recognized at the date of the first adoption (for example, the right-of-use asset and the lease liability are equivalent to the lease asset and the lease liability recognized under IAS 17). The requirements of IFRS 16 were applied in these lease contracts from January 1, 2019.

- *Leases previously classified as operating leases -*
  The Companies recognized the right-of-use of the asset and the lease liability for lease contracts previously classified as operating leases, with the exception of lease contracts for short-term and low-value assets. The asset's right-of-use for the majority of leases was recognized according to the amount recognized in the lease liability, adjusted by any prepayment or previously recognized payments accrued from leases. The lease liability was recognized based on the present value of outstanding payments, which were discounted using an incremental borrowing rate at the initial application date of IFRS 16.

The Companies also applied the available practical expedients wherein it:

- Used a single discount rate for a lease contract portfolio with reasonably similar characteristics.
- Relied on its assessment of whether leases are onerous immediately before the date of initial application.
- Applied the short-term leases exemption to leases with lease term that ends within 12 months of the date of initial application and the low-value leases exemption.
- Used hindsight in determining the lease term where the contract contained options to extend or terminate the lease.

In the adoption of IFRS 16, the Companies recognized liabilities related to the leases that were previously classified as operating leases under IAS 17. These liabilities were measured based on the present value of the remaining future payments, discounted using an interest rate of incremental interest as of January 1, 2019 (between 6.10 and 10.25 percent average interest rate in soles and between 6.06 and 8.13 percent average interest rate in US Dollars). As a result of the effect of the transition of IFRS 16, as of January 1, 2019, approximately S/1,651 million were recognized as right-of-use assets and lease liabilities, respectively; likewise, straight-line rent liabilities previously recognized according to IAS 17 for approximately S/5,427,000 (net of its corresponding deferred tax for approximately S/2,271,000; note 20(b)), were derecognized against retained earnings. As of December 31, 2019 the effects of IFRS 16 are presented in note 13(b.1) and 13(b.2). As is indicated above, as part of the initial application of IFRS 16, the Companies used the modified retrospective method; therefore, the figures for previous years were not modified. Otherwise, approximately S/45 million corresponding to key money recognized in prior years, were reclassified from the caption "Prepayments" to the initial balance of Right-of-use assets.

- **Interpretation of IFRIC 23 – Uncertainty over Income Tax Treatments**
  The interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12. The interpretation does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments.

The interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately.
- The assumptions an entity makes about the examination of tax treatments by taxation authorities.
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.
- How an entity considers changes in facts and circumstances.

The Companies have to determine whether to consider as uncertain each tax treatment separately or together with one or more uncertain tax treatments. The approach that better predicts the solution of the uncertainty should be followed.

The Companies apply a significant judgement when identifying uncertainties over income tax treatments.

The Companies determined that, based on its tax compliance and the transfer pricing study, it is probable that tax treatments (including those of Subsidiaries) are accepted by taxation authorities. Therefore, this interpretation had no impact on the combined financial statements.

- From January 1, 2019, the Companies also applied other pronouncements such as Amendments to IFRS 9: Prepayment Features with Negative Compensation; Amendments to IAS 28: Long-term Interests in Associates and Joint Ventures; Amendments to IAS 19: Plan Amendment, Curtailment or Settlement; and Improvements to IFRS Standards (2015–2017 Cycle). The Companies concluded that those pronouncements had no impact on its combined financial statements

3.4 Significant accounting judgments, estimates and assumptions

The preparation of the combined financial statements requires Management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the combined financial statements, as well as the reported amounts of revenues and expenses for the years ended December 31, 2020, 2019 and 2018.

In the process of applying the Companies' accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognized in the combined financial statements:

(i) Tax judgments -
The Companies' are subject to income and capital gains taxes. Significant judgment is required to determine the total provision for current and deferred taxes.

There are many transactions and calculations for which the ultimate tax determination and timing of payment is uncertain. In particular, when calculating deferred taxation, the effective tax rate applicable on the temporary differences, mainly in investment properties, depends on the method by which the carrying amount of the assets or liabilities will be realized.

The Companies recognize liabilities for current taxes based on estimates of whether additional taxes will be due. When the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income and deferred tax provisions in the period in which the determination is made. Deferred tax assets and liabilities are recognized on a net basis to the extent they are relating to the same fiscal unity and fall due in approximately the same period.

On the other hand, the most significant estimations and assumptions considered by Management in relation to the combined financial statements are as follows:

(ii) Provision for inventory losses (note 3.2(j)) -
This provision is calculated considering the average historic values of losses incurred throughout the year and until the last physical inventory conducted before the year end. This provision is recorded as provision for inventory devaluation with charge to the combined income statements.

(iii) Discounts, price reductions and others obtained by purchasing volumes of goods (note 3.2(j)) -
Discounts, price reduction and others obtained by purchasing volumes of goods are deducted from inventory at the date the discount is granted by suppliers and from cost of sales when the related items are sold.

The different forms of such discounts require that the Companies estimate its distribution between the inventory that has been sold and the inventory remaining in stock at the date of the combined statements of financial position. Management performs such estimation on the basis of the daily discounts actually granted by suppliers and the rotation rates per item.

(iv) Depreciation method, estimated useful lives and residual value of property, installations, furniture and equipment (note 4.3(l)) -
The determination of the depreciation method, the estimated useful lives and the residual value of property, installations, furniture and equipment involves judgments and assumptions that could be affected if the circumstances change. Management reviews periodically these assumptions and adjusts them in a prospective manner in case any changes are identified.

(v) Lease terms in contracts with renewal and termination options (note 3.3(m)) -
The Companies as a lessees define the lease term as the non-cancellable period of a lease, together with any period covered by an option to extend the lease if it is exercised or any other period covered by an option to terminate the lease if it is not exercised. The Companies apply the judgement to evaluate the possibility of exercising the options to renew or terminate leases. To that end, it considers all the factors that generate an economic incentive to exercise either the renewal or the termination. After the commencement date, the Companies reassess the lease term if a significant event or change of circumstances that is within its control affects its capacity to exercise or not the renewal or termination options (for example, the making of significant improvement for leases or the significant customization of a leased asset).

(vi) Incremental borrowing rate (note 3.3(m)) -
To determine the interest rate implicit in the lease, the Companies use their incremental borrowing rate (IBR) to measure lease liabilities. IBR is the interest rate the Companies would have to pay to borrow, over a similar term and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. Therefore, IBR reflects how much the Companies "would have to pay", which requires an estimate when there are not observable prices or when they have to be adjusted to reflect the terms and conditions of a lease (for instance, when leases are not in the subsidiary's functional currency). The Companies estimate the IBR using observable inputs (such as market interest rates) when available and is obliged to make certain specific adjustments in the company (such as the subsidiary's independent credit evaluation, or in order to reflect the terms and conditions of the lease).

(vii) Fair value of investment properties (note 3.2(n)) -
The fair value of completed investment property is determined by Management of the Companies using the Discounted Cash Flow Method.

Investment property under construction and investment property held to operate in the future is also valued at fair value as determined through appraisals performed by an accredited external independent value, except if such values cannot be reliably determined. In the exceptional cases when a fair value cannot be reliably determined, such properties are recorded at cost.

The determination of the fair value of investment property requires the use of estimates such as future cash flows from assets (such as leases, tenants sales, fixed rents to be charged to different types of tenants, variable rent as a percentage of sales, operating costs, building costs (CAPEX), maintenance CAPEX and discount rates applicable to those assets). In addition, development risks (such as construction and letting risks) are also taken into consideration when determining the fair value of investment properties under construction.

Volatility in the financial system is reflected in commercial real estate markets. Therefore, in arriving at their estimates of market values as of the statements of financial position, the Management and appraisers used their market knowledge and professional judgment and did not rely solely on historical transactional comparable. In these circumstances, there was a greater degree of uncertainty than which exists in a more active market in estimating the market values of investment property.

The significant methods and assumptions used in estimating the fair value of investment property are set out in note 14(f).

Techniques used for valuing investment property -
The Discounted Cash Flow Method involves the projection of a series of periodic cash flows either from an operating property or a development property. To this projected cash flow series, an appropriate, market-derived discount rate is applied to establish an indication of the present value of the income stream associated with the property. The calculated periodic cash flow is typically estimated as net rental income less operating expenses/outgoings. A series of periodic net operating incomes, along with an estimate of the terminal value (which uses the traditional valuation approach) anticipated at the end of the projection period, are discounted to present value. The aggregate of the net present values equals the market value of the property.

(viii) Impairment of non-financial assets (note 3.2(p)) -
The Companies assess, on each reporting date, if there is sign that an asset may be impaired. If there is sign of it or whenever the annual impairment test of an asset is required (indefinite-life intangible assets), the Companies estimate the recoverable amount of the asset.

For non-financial assets with the exception of goodwill, an assessment is performed on each date of presentation of combined financial statements to know if there is sign that the permanent impairment loss previously recognized no longer exists or has decreased. If such sign exists, the Companies estimate the recoverable amount. An impairment loss previously recognized for an asset is only reversed if there was a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized.

The reversal is limited in such a way that the asset's carrying amount may not exceed its recoverable amount or the carrying amount that it would have been determined had no impairment loss been recognized in prior periods. Said reversal is recorded in the combined income statement.

(ix) Recovery of deferred tax assets (note 3.2(v)) -
Deferred tax assets require Management to evaluate the probability that the Companies generate taxable income for future periods in order to use the deferred tax assets. The estimates of future taxable income are based on the projections of cash flows from operations and the application of the tax legislation in force. As the future cash flows and

the taxable income differ significantly from the estimates, it might have an impact on the capability of the Companies to realize the net deferred tax assets recorded at the reporting date of combined financial statements.

Additionally, future changes in tax legislation might limit the capability of the Companies to obtain tax deductions in future periods. Any difference between the estimations and the later actual payments is recorded in the year in which it occurs.

(x) Fair value measurement of derivative financial instruments (note 12) -
When the fair values of financial assets and financial liabilities recorded in the combined statements of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values.

Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments, see note 30.

(xi) Obligations from long-term employee benefits (note 17) -
The present value of the obligations from pension plans is determined through actuarial valuations. Actuarial valuations involve several assumptions that may be different from the events that actually occur in the future. These assumptions include the setting of the discount rate, the future increase in salaries, mortality rates and future increase of pensions.

(xii) Taxes estimation (note 20 and 22) -
Uncertainty exists with regard to the interpretation of complex tax regulations, the changes in the tax norms and the amount and opportunity in which future taxable income is generated. The Companies calculate provisions, on the basis of reasonable estimations for the possible consequences derived from the inspections performed by the Tax Authority. The amount of these provisions is based on several factors such as the experience in previous tax examinations, and on the different interpretations about the tax regulations made by the Companies and their advisers.

These differences in interpretation can arise in a great variety of questions, depending on the circumstances and existing conditions in the place of domicile of the Companies.

In Management's opinion, these judgments, estimations and assumptions were performed on the basis of its best knowledge of the relevant facts and circumstances at the date of preparation of the combined financial statements; nevertheless, the final results could differ from the estimations included in the combined financial statements. Management of the Companies does not expect that the changes, provided they occur, will have significant effect on the combined financial statements.

3.5 New accounting standards

The standards that have been issued but are not yet effective at the date of presentation of the combined financial statements are detailed below. This list of issued standards and interpretations include those that the Companies plan to apply in the future. The Companies aim to adopt such standards once they are effective and will not adopt them early:

- 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' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 "Levies", if incurred 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 1 January 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 will not be affected by these amendments on transition.

- Amendments to IAS 1 – 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 1 January 2023 and must be applied retrospectively.

  The Companies are currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation

- Amendments to IAS 16 "Property, Plant and Equipment": Proceeds before Intended Use
  In 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 1 January 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.

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

- 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 1 January 2022.

  The Companies 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.

- Annual improvements (2018-2020 cycle)
  As part of its 2018-2020 annual improvements to IFRS standards process, the IASB issued the following amendments:

  (i) 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 IFRS 1 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 1 January 2022 with earlier adoption permitted.

(ii) 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 1 January 2022 with earlier adoption permitted.

(iii) 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 1 January 2022 with earlier adoption permitted.

These amendments are not expected to have a material impact on the Companies.

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

4. 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 December 31, 2020, 2019 and 2018, the main operations in foreign currency of the Companies were denominated in U.S. Dollars (US$), Bolivianos (Bs) and Pesos Colombianos ($). Current exchange rate for transactions in foreign currency at those dates was:

Exchange rate per Sol	2020	2019	2018
US Dollars (US$)	0.276	0.302	0.296
Boliviano (B$)	1.921	2.029	2.060
Peso Colombiano ($)	947.158	990.246	961.749

As of December 31, 2020, 2019 and 2018, the Companies held the assets and liabilities in thousands of US Dollars, Bolivianos and Pesos Colombianos:

	2020			2019			2018		
	US$(000)	B$(000)	$(000)	US$(000)	B$(000)	$(000)	US$(000)	B$(000)	$(000)
Assets -									
Cash and short-term deposits	30,905	18,278	621,811	12,819	6,669	679,864	14,100	10,186	2,279,790
Financial instruments at fair value through profit or loss	7,503	-	-	2,827	-	-	620	-	-
Trade accounts receivables, net	57,381	47,684	9,054,828	51,835	45,088	9,833,962	55,139	37,453	9,941,230
Other accounts receivables, net	4,661	4,732	-	5,375	4,632	-	7,275	5,968	286,353
Accounts receivables to related parties	838	-	-	675	-	-	2,853	-	-
Financial instruments at fair value through other comprehensive income	21,737	-	-	13,722	-	-	12,475	-	-
	123,025	70,694	9,676,639	87,253	56,389	10,513,826	92,462	53,607	12,507,373
Liabilities -									
Trade accounts payables	(115,566)	(16,909)	(4,310,221)	(89,627)	(28,498)	(5,484,008)	(90,818)	(24,929)	(6,024,207)
Accounts payables to related parties	(1,211)	-	-	(2,978)	-	-	(4,326)	-	-
Other accounts payables	(10,760)	(8,111)	-	(12,568)	(13,089)	-	(16,897)	(12,097)	(1,881,564)
Lease liabilities	(272,762)	(1,983)	-	(239,502)	(540)	-	-	-	-
Interest -bearing loans and borrowing	(393,893)	-	(2,989,968)	(29,600)	-	(3,600,000)	(46,634)	-	(2,900,000)
Senior notes issued	(394,534)	-	-	(395,148)	-	-	(393,868)	-	-
	(1,188,726)	(27,003)	(7,300,189)	(769,423)	(42,127)	(9,084,008)	(552,543)	(37,026)	(10,805,771)
Derivative financial instrument – "Call Spread", note 12	400,000	-	-	400,000	-	-	400,000	-	-
Net (liabilities) asset position	(665,701)	43,691	2,376,450	(282,170)	14,262	1,429,818	(60,081)	16,581	1,701,602

Management monitors this risk through the analysis of macro-economic variables of the country.

During 2020, the Companies have recognized a net loss from exchange difference for approximately S/120,564,000, which is presented into the caption "Exchange difference, net" in the combined income statements (during 2019 and 2018, the net profit (loss) from exchange difference was for approximately S/21,525,000 and S/35,609,000, respectively).

5. Cash and short-term deposits

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

	2020 S/(000)	2019 S/(000)	2018 S/(000)
Cash	7,154	7,651	7,293
Current accounts (b)	602,432	581,745	467,615
Remittances in transit (c)	130,360	97,256	62,577
Time deposits (d)	167,102	15,078	77,087
	907,048	701,730	614,572

(b) The Companies maintain current accounts in local banks mainly in Soles and US Dollars that do not accrue interests and are freely available.

(c) They represent cash from the sales made in the different premises of the Companies during the last days of the year, which is collected by a securities transport company and deposited in the current bank accounts on the first useful day of the following month.

(d) Time deposits are freely available and are kept in Soles and U.S. Dollars in local banks. As of December 31, 2020, they bear annual interest rates between 0.1 and 0.12 percent in Soles and between 0.05 and 0.10 percent in U.S. Dollars (as of December 31, 2019 and 2018, time deposits bear annual interest rates between 2.10 and 2.70 percent and 0.50 and 5.75 percent in Soles and 1.30 and 1.20 percent in U.S. Dollars, respectively). Time deposits had original maturities of less than 90 days.

(e) As of December 31, 2020, 2019 and 2018, the current accounts and time deposits are freely available and freely encumbrance.

6. Financial instruments at fair value through profit or loss

Below is the composition of the item as of December 31, 2020, 2019 and 2018:

	2020			2019			2018		
Entity	Number of quotes	Quote value (in soles)	S/(000)	Number of quotes	Quote value (in soles)	S/(000)	Number of quotes	Quote value (in soles)	S/(000)
Mutual funds managed by Fondos Sura SAF S.A.C. SAF									
In Soles -									
Sura Ultra Cash Soles FMIV	153,888	162	25,004	33,603	135	4,526	38,640	130	5,034
In U.S. Dollars -									
Sura Corto Plazo Dólares FMIV	61,168	444	27,188	23,455	400	9,377	-	-	-
Mutual funds managed by Interfondos S.A. SAF, related party									
In Soles -									
IF Libre Disponibilidad Soles FMIV	70,859	117	8,301	-	-	-	-	-	-
IF Libre Disponibilidad Soles FMIV	-	-	-	-	-	-	17,997	113	2,031
IF Libre Disponibilidad Soles FMIV	-	-	-	-	-	-	8,863	113	1,000
In U.S. Dollars -									
IF Libre Disponibilidad Dólares FMIV	84,239	387	32,568	-	-	-	-	-	-
			93,061			13,903			8,065

In Management's opinion, the investment funds are highly liquid and have a low level of risk.

As of December 31, 2020, 2019 and 2018, the value of the financial instruments at fair value through profit or loss includes the effects of the change in the quote price and the level of the exchange rate at the end of the year, these originated a recognition of a gain of approximately S/924,000, S/473,000 and S/149,000 during the years ended 2020, 2019 and 2018, respectively, presented in the caption "Finance income" in the combined income statements, note 25.

7. Trade accounts receivables, net

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

	2020 S/(000)	2019 S/(000)	2018 S/(000)
Manufacturing and distribution (b)	558,690	528,286	535,140
Credit card operators (c)	65,392	39,921	40,093
Shopping vouchers (d)	17,080	19,652	29,093
Rents receivable (e)	3,758	5,019	663
Other	2,209	-	447
	647,129	592,878	605,436
Provision for doubtful accounts (g)	(57,873)	(49,519)	(56,017)
	589,256	543,359	549,419

Trade receivables are denominated in Soles and US Dollars, have current maturities and do not bear interest.

(b) Corresponds to the receivables generated mainly from the manufacture and distribution of different pharmaceutical and mass-market products to entities across Peru and abroad. As of December 31, 2020, 2019 and 2018, due to the nature of the InRetail Pharma Group's operations, the client portfolio is highly disperse, and includes laboratories and wholesalers well-known at national and international level, pharmacy chains, independent pharmacies, public and private institutions, supermarkets, among others. It is worth mentioning that the InRetail Pharma Group has contracts for the exclusive manufacture and distribution of its products with its major customers.

(c) Correspond mainly to pending deposits in favor of Supermercados Peruanos S.A. and Subsidiaries and InRetail Pharma S.A. for the last day of the month, which are held by credit card operators and originated from the sales of goods with credit cards in the different stores of Supermercados Peruanos S.A. and Subsidiaries and InRetail Pharma S.A.

(d) Correspond mainly to the balance receivable from the sale of shopping vouchers to various companies and public institutions. At the date of this report, these balances were mostly collected.

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

(f) As of December 31, 2020, 2019 and 2018, the aging of trade accounts receivable is presented below:

	December 31, 2020		
	Not impaired S/(000)	Impaired S/(000)	Total S/(000)
Not past due -	497,230	480	497,710
Past due -			
1 to 30 days	41,424	300	41,724
31 to 60 days	11,273	57	11,330
61 to 120 days	11,622	304	11,926
121 to 360 days	16,270	6,181	22,451
More than 360 days	11,437	50,551	61,988
	589,256	57,873	647,129

	December 31, 2019		
	Not impaired S/(000)	Impaired S/(000)	Total S/(000)
Not past due -	466,879	443	467,322
Past due -			
1 to 30 days	42,086	161	42,247
31 to 60 days	9,444	70	9,514
61 to 120 days	9,335	164	9,499
121 to 360 days	8,683	2,766	11,449
More than 360 days	6,932	45,915	52,847
	543,359	49,519	592,878

	December 31, 2018		
	Not impaired S/(000)	Impaired S/(000)	Total S/(000)
Not past due -	450,275	1,851	452,126
Past due -			
1 to 30 days	59,256	284	59,540
31 to 60 days	8,960	199	9,159
61 to 120 days	15,485	239	15,724
121 to 360 days	9,451	1,021	10,472
More than 360 days	5,992	52,423	58,415
	549,419	56,017	605,436

(g) The movements in the provision for doubtful accounts receivable for the years ended on December 31, 2020, 2019 and 2018, were as follows:

	2020 S/(000)	2019 S/(000)	2018 S/(000)
Balance at the beginning of the year	49,519	56,017	9,640
Acquisition of subsidiary, note 2(a) and (b)	843	-	48,358
Provision for the period, note 23(b)	12,368	7,506	7,832
Recoveries, note 23(b)	(1,514)	(1,817)	(4,082)
Write –off	(5,082)	(12,116)	(6,364)
Exchange difference	-	14	713
Others	1,739	(85)	(80)
Balance at the end of the year	57,873	49,519	56,017

(h) In Companies Management's opinion, the provision for doubtful accounts receivable as of December 31, 2020, 2019 and 2018, appropriately covers the credit risk of this item at those dates.

8. Other accounts receivables, net

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

	2020 S/(000)	2019 S/(000)	2018 S/(000)
By nature -			
Income Tax credit, note 20(e)	85,193	44,493	102,079
Taxes pending to be recovered	54,698	39,133	-
Deposits in guarantee (b)	33,500	28,870	29,166
Employee loans and third parties	31,583	7,540	21,089
Claims and unsettled advances	23,867	14,096	10,043
Funds held in Banco de la Nación (c)	18,627	24,695	17,370
Selective consumption tax	15,005	12,414	5,014
Discounts and/or refunds receivable			
To suppliers	14,547	9,399	9,752
To representatives	-	1,632	8,301
VAT credit	15,425	4,432	17,145
Advances to suppliers	2,480	1,204	1,531
Sales of land	-	-	1,725
Other receivables	13,790	13,903	12,385
	308,715	202,261	235,600
Minus -			
Provision for doubtful collection accounts (d)	(7,482)	(5,874)	(6,503)
	301,233	196,387	229,097

	2020 S/(000)	2019 S/(000)	2018 S/(000)
By time -			
Current portion	235,039	148,783	199,573
Non-current portion	66,194	47,604	29,524
	301,233	196,387	229,097

(b) Includes deposits in guarantee related to the rental of the administrative office, warehouse and drugstores "Inkafarma" and "Mifarma" nationwide, with maturities over twelve months, which is why Management has classified them in the long term. As of December 31, 2020, the balance of deposits in guarantee held by the Company and its Subsidiaries is recorded at discounted value, using a discount rate of 6.0390 percent for guarantees receivable in soles and 4.09 percent for guarantees receivable in US dollars. As of December 31,2019, using a discount rate of 9.02 percent for guarantees receivable in soles and 6.11 percent for guarantees receivable in US dollars. As of December 31,2018, using a discount rate of 4.700 percent for guarantees receivable in soles and 5.375 percent for guarantees receivable in US dollars.

(c) In accordance to Resolution of Superintendence Nº183-2004/SUNAT, funds held in Banco de la Nación must be used exclusively for the payment of tax debts or requested cash reimbursement. In the case of the Companies, these funds have been used entirely for tax payments during the months of January and February 2021, 2020 and 2019, respectively.

(d) The movements in the provision for doubtful accounts receivable for the years ended on December 31, 2020, 2019 and 2018, were as follows:

	2020 S/(000)	2019 S/(000)	2018 S/(000)
Balance at the beginning of the year	5,874	6,503	2,061
Acquisition of Subsidiary, note 2(a) and 2(b)	199	-	2,681
Provision for the period, note 23(b)	1,697	380	2,084
Write –off	(392)	(1,009)	(323)
Exchange difference	104	-	-
Balance at the end of the year	7,482	5,874	6,503

(e) In Management's opinion, of the Companies, the provision for doubtful accounts receivable as of December 31, 2020, 2019 and 2018, appropriately covers the credit risk of this item at those dates.

9. Inventories, net

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

	2020 S/(000)	2019 S/(000)	2018 S/(000)
Inventories, note 23(b)	2,012,314	1,773,215	1,697,238
Raw materials, note 23(b)	19,552	15,204	11,796
Finished goods, note 23(b)	455	189	672
Production supplies, note 23(b)	550	1,008	1,075
Various supplies	3,914	5,045	4,750
Inventories in transit (c)	143,621	55,732	33,362
	2,180,406	1,850,393	1,748,893
Less -			
Provision for impairment of inventories (d)	(21,885)	(15,346)	(12,603)
	2,158,521	1,835,047	1,736,290

(b) As of December 31, 2020, 2019 and 2018, the balance of goods is presented net of the provision for discounts from suppliers (rebates) related to goods not sold at those dates for approximately S/44,960,000, S/50,417,000 and S/58,445,000, respectively.

(c) As of December 31, 2020, 2019 and 2018, the caption includes, mainly, goods in transit acquired by the Companies in order to meet the demand of its customers in the nationwide level chain. At the date of this report, the balance of inventories in transit as of December 31, 2020, 2019 and 2018 has been mostly received.

(d) The movements in the provision for inventory impairment were as follows:

	2020 S/(000)	2019 S/(000)	2018 S/(000)
Balance at the beginning of the year	15,346	12,603	8,101
Acquisition of Subsidiary, note 2(a) and 2(b)	557	-	10,095
Additions, note 23(b)	12,862	8,192	6,717
Recoveries, note 23(b)	-	(122)	(1,930)
Write-off	(7,218)	(5,288)	(10,541)
Translation effect	338	(39)	161
Balance at the end of the year	21,885	15,346	12,603

(e) 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 Companies' Management. In Management's opinion, of the Companies, as of December 31, 2020, 2019 and 2018, the allowance for inventory impairment covers the risk of inventory's obsolescence in those years.

10. Financial investments at fair value through other comprehensive income

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

	Fair value		
	2020 S/(000)	2019 S/(000)	2018 S/(000)
Senior Notes (b) – Current Portion	-	-	8,377
Shares (c) – Non-current Portion	54,061	45,435	36,338
	54,061	45,435	44,715

(b) As of December 31, 2018, it corresponded to debt instruments (senior notes – bonds) issued by Intercorp Perú Ltd. (ultimate holding of the Intercorp Group) for InRetail Consumer. The acquisition value of these instruments amounted to US$2,434,000 (around S/8,377,000), their maturity date was February 2025 and they accrued interests at a nominal annual rate of 5.875 percent in U.S. Dollars. In June 2019, InRetail Pharma S.A. made an acquisition of such instruments for US$8,724,000 (equivalent to S/29,724,000) at a nominal rate of 5.875 percent.

In July and August 2019, both Companies accepted the offer submitted by Intercorp Perú Ltd. to redeem in advance such bonds at the market value prevailing on the redemption date; therefore, both Companies sold all the aforementioned bonds for US$11,433,000 (equivalent to approximately S/37,744,000) and, as a result of that transaction, the Company recorded a profit of US$125,000 (approximately S/413,000) in the combined statement of comprehensive income, see note 25.

(c) During 2018, InRetail Pharma S.A. acquired 381,180 shares issued by InRetail Perú Corp. (holding of this company, see note 1(a)), which represent approximately 0.37 percent of participation in that entity. The fair value of these shares has been determined on the basis of quoted prices of an active market at each reporting date. As of December 31, 2020, 2019 and 2018, the fair value of each share, according to the information published by the Bolsa de Valores de Lima, is US$39.20 (approximately S/142), US$36.00 (approximately S/119) and US$28.30 (approximately S/95), respectively.

(d) The movements of financial assets at fair value through other comprehensive income are presented below:

	Shares			Senior Notes			Total		
	2020 S/(000)	2019 S/(000)	2018 S/(000)	2020 S/(000)	2019 S/(000)	2018 S/(000)	2020 S/(000)	2019 S/(000)	2018 S/(000)
Balance at the beginning of the year	45,435	36,338	-	-	8,377	8,377	45,435	44,715	8,377
Purchases	-	-	33,165	-	29,724	-	-	29,724	33,165
Sale of financial assets at fair value through other comprehensive income (b)	-	-	-	-	(37,744)	-	-	(37,744)	-
Update of fair value of financial assets through other comprehensive income (i)	8,627	9,156	2,830	-	(217)	-	8,627	8,939	2,830
Exchange difference effect (ii)	(1)	(59)	343	-	(140)	-	(1)	(199)	343
Balance at the end of the year	54,061	45,435	36,338	-	-	8,377	54,061	45,435	44,715

(i) The update of financial instruments at fair value through other comprehensive income is recorded in the caption "Unrealized income on financial instruments at fair value through other comprehensive income", in the combined statement of changes in equity.

(ii) According to IFRS, loss from exchange difference in shares is recorded in the caption "Unrealized income on financial instruments at fair value through other comprehensive income", in the combined statement of changes in equity, while the corresponding to senior notes is recorded in the caption "Exchange difference, net", in the combined statement of other comprehensive income.

11. Prepayments

As of December 31, 2020 and 2019, it mainly corresponds to advertisement and insurance expenses paid in advance, among others. As of December 31, 2018, the balance mainly included key money and rents paid in advance that amounted to S/44,626,000, which as of December 2019 were mostly recorded in the item "Lease liabilities" of the combined statement of financial position, as a result of the adoption of IFRS 16.

12. Derivative financial instrument – "Call Spread"

(a) As of December 31, 2020, 2019 and 2018, the derivative financial instrument has been qualified as an effective hedge instrument and is as follows:

Entity	Notional amount	Maturity / Settlement	Book value of the covered item	Fair value		
				2020	2019	2018
	US$(000)		S/(000)	S/(000)	S/(000)	S/(000)
"Call Spread" Contract - Citibank N.A. (b)	400,000	May 2023	1,449,600	112,273	63,508	86,694

(b) In May 2018, InRetail Pharma S.A. signed a "Call Spread" contract for a total reference value of US$400,000,000 in order to reduce its foreign currency risk related to its senior notes issued in May 2018 in foreign currency (see note 19). The price paid for such derivative financial instrument (premium) was financed by Citibank N.A. in installments that correspond to those of the issuances, thus generating a liability, which balance as of December 31, 2020 amounts to US$9,874,000, equivalent to approximately S/35,785,000 (US$13,413,000, equivalent to approximately S/44,491,000 as of December 31, 2019 and US$16,730,000, equivalent to approximately S/56,532,000 as of December 31, 2018), see note 18(a). According to IFRS 9, this premium was recorded in the non-current asset and is recognized in profit and loss on straight-line basis over the hedging term. Consequently, the amount accrued during 2020, 2019 and 2018 was S/12,623,000, S/11,128,000 and S/6,634,000, respectively, and was recorded in the caption "Call Spread' Straight-line accrued premium", see note 25. During 2020, approximately S/61,412,000 (S/12,742,000 and S/17,526,000 during 2019 and 2018, respectively) were recognized into the caption "Unrealized results on derivative financial instruments" in the combined statements of changes in equity, representing the derivative financial instrument hedging effect during such year.

As of December 31, 2020, 2019 and 2018, this instrument hedges 100 percent of the risk exposure resulting from the issuance of the principal in foreign currency and protects the changes in exchange rates ranging from S/3.26 to S/3.75 per US$1.00.

(c) In April 2018, InRetail Consumer made an early settlement of two call spread contracts for US$30,000,000 and US$100,000,000 signed with the Bank of Tokyo and the Deutsche Bank A.G. in 2016 and 2015, which maturity was in October 2021. Said financial instruments were held to hedge 43 percent of the exposure to foreign exchange risk caused by the international debt issuance in October 2014 and hedged the changes in foreign exchange rates ranging from S/3.22 to S/3.75 per US$1.00. The early settlement of the derivative included the settlement of the liability created by the financing received from J.P. Morgan for the acquisition of the derivative; as of December 31, 2017.

As a result of this transaction, (i) a total net expense of S/3,433,000 was generated, which is presented in "Expenses from the early settlement of call spread" in the combined income statement (note 25), and ii) an accrued value amounting to S/923,000 as of April 2018, which is recorded in the caption "Call Spread' Straight-line accrued premium", see note 25.

13. Property, installations, furniture and equipment, net and right-of-use assets

(a) Property, installations, furniture and equipment, net -

Below is the composition of the item as of December 31, 2020, 2019 and 2018:

	Land S/(000)	Buildings and facilities S/(000)	Miscellaneous equipment S/(000)	Vehicles S/(000)	Furniture and fixture S/(000)	Works in progress and assets in transit S/(000)	Total S/(000)
Useful lives (years)	-	10-15	4-10	5	10	-	
Cost -							
Balance as of January 1, 2018	484,985	1,497,364	949,414	2,205	121,314	238,221	3,293,503
Acquisition of Subsidiary, note 2(a)	254,940	183,766	206,601	10,036	80,164	6,237	741,744
Additions (a.1)	85,884	127,006	147,644	267	18,144	116,628	495,573
Disposals and/or sales (a.4)	(12,480)	(35,369)	(65,577)	(98)	(20,903)	(3,080)	(137,507)
Transfers	-	203,441	34,268	(8,864)	2,633	(231,478)	-
Translation effect	-	54	1,659	(5)	405	21	2,134
Balance as of December 31, 2018	813,329	1,976,262	1,274,009	3,541	201,757	126,549	4,395,447
Additions (a.1)	109,737	78,187	108,242	151	21,155	104,222	421,694
Disposals and/or sales (a.4)	-	(6,860)	(98,943)	(697)	(5,217)	(1,222)	(112,939)
Transfers	-	5,226	2,205	-	662	(8,093)	-
Transfers to investment properties, note 14(b)	-	54,651	(3,519)	-	(280)	(93,935)	(43,083)
Transfers to intangible assets, note 15(a)	-	-	-	-	-	(654)	(654)
Translation effect	-	(71)	(764)	(2)	(168)	(4)	(1,009)
Balance as of December 31, 2019	923,066	2,107,395	1,281,230	2,993	217,909	126,863	4,659,456
Acquisition of Subsidiary, note 2(b)	409,671	326,471	51,804	1,353	22,768	4,520	816,587
Additions (a.1)	804	82,303	90,249	203	15,301	27,387	216,247
Disposals and/or sales (a.4)	(12)	(27,890)	(55,809)	(429)	(6,468)	(676)	(91,284)
Transfers	-	94,643	-	-	-	(94,643)	-
Transfers of investment properties, note 14(b)	-	47	-	-	-	-	47
Transfers to intangible assets, note 15(a)	-	-	-	-	-	(271)	(271)
Translation effect	-	377	4,001	4	929	4	5,315
Disposal to Subsidiary, note 2(c)	-	(1,203)	(1,821)	-	(1,121)	-	(4,145)
Balance as of December 31, 2020	1,333,529	2,582,143	1,369,654	4,124	249,318	63,184	5,601,952
Accumulated depreciation -							
Balance as of January 1, 2018	-	348,246	568,162	1,199	52,415	-	970,022
Acquisition of Subsidiary, note 2(a)	-	96,573	150,985	5,625	59,272	-	312,455
Additions, note 23(b)	-	62,941	109,424	616	17,014	-	189,995
Disposals and/or sales (a.4)	-	(17,296)	(58,855)	(97)	(15,387)	-	(91,635)
Transfers	-	(557)	3,819	(4,958)	1,696	-	-
Translation effect	-	36	1,237	(6)	337	-	1,604
Balance as of December 31, 2018	-	489,943	774,772	2,379	115,347	-	1,382,441
Additions, note 23(b)	-	80,592	113,839	397	18,684	-	213,512
Disposals and/or sales (a.4)	-	(4,127)	(96,705)	(562)	(3,901)	-	(105,295)
Transfers	-	-	294	-	(294)	-	-
Translation effect	-	(158)	(606)	(3)	(152)	-	(919)
Balance as of December 31, 2019	-	566,250	791,594	2,211	129,684	-	1,489,739
Acquisition of Subsidiary, note 2(b)	-	72,459	36,671	834	14,031	-	123,995
Additions, note 23(b)	-	81,060	114,814	361	20,426	-	216,661
Disposals and/or sales (a.4)	-	(14,404)	(50,250)	(429)	(5,888)	-	(70,971)
Translation effect	-	283	2,953	4	768	-	4,008
Disposals to Subsidiary, note 2(c)	-	(801)	(1,668)	-	(867)	-	(3,336)
Balance as of December 31, 2020	-	704,847	894,114	2,981	158,154	-	1,760,096
Net book value as of December 31, 2020	1,333,529	1,877,296	475,540	1,143	91,164	63,184	3,841,856
Net book value as of December 31, 2019	923,066	1,541,145	489,636	782	88,225	126,863	3,169,717
Net book value as of December 31, 2018	813,329	1,486,319	499,237	1,162	86,410	126,549	3,013,006

(a.1) During 2020, 2019 and 2018, the Companies constructed and equipped the new stores (mainly from the pharmacy and food retail sectors). As of December 31, 2020, 2019 and 2018, the Companies maintain mortgages on certain lands, buildings and facilities for a net book value of approximately S/879,610,000, S/702,010,000 and S/775,520,000, respectively, in guarantee of financial obligations, see note 18(a).

(a.2) The Companies maintain insurance on its main assets in accordance with the policies established by Management. In the opinion of Companies' Management, their its insurance policies are consistent with international practices in the industry.

(a.3) As of December 31, 2020, 2019 and 2018, the cost and corresponding accumulated depreciation of assets acquired through finance leases are the following:

	2020			2019			2018		
	Cost S/(000)	Accumulated depreciation S/(000)	Net cost S/(000)	Cost S/(000)	Accumulated depreciation S/(000)	Net cost S/(000)	Cost S/(000)	Accumulated depreciation S/(000)	Net cost S/(000)
Buildings and facilities	438,278	(68,262)	370,016	317,127	(43,812)	273,315	319,823	(37,415)	282,408
Miscellaneous equipment	319,238	(223,165)	96,073	352,062	(231,017)	121,045	393,525	(236,931)	156,594
Furniture and fixture	68	(14)	54	-	-	-	-	-	-
Total	757,584	(291,441)	466,143	669,189	(274,829)	394,360	713,348	(274,346)	439,002

(a.4) The net cost of retired and/or sold fixed assets during the years 2020, 2019 and 2018 is detailed as follows:

	2020 S/(000)	2019 S/(000)	2018 S/(000)
Assets sold (1)	2,116	717	16,606
Assets retired (2)	18,197	6,927	29,266
	20,313	7,644	45,872

(1) During 2020, corresponds mainly to sale of installations to Interproperties Perú, a related company, for S/1,982,000. During 2019, corresponds mainly to the sale of equipment and installations thereby a profit of S/1,091,000. During 2018, it mainly corresponds to the sale of a property in Arequipa, to Homecenters Peruanos S. A., a related company, for S/14,257,000 paid in cash, thereby generating a profit of approximately S/1,777,000.

(2) Corresponds to the write-off of unused assets as a result of the remodeling process of some stores designated by Management. These retirements are included into the caption "Other operating income, net" in the combined income statements.

(a.5) Management periodically reviews the residual values, useful life and the depreciation method to ensure that they are consistent with the economic benefits and life expectancy of the property, furniture and equipment. As of December 31, 2020, 2019 and 2018, the InRetail Group's Management performed an evaluation of its property, installations, furniture and equipment, and has not found any indication of impairment.

(b) Right-of-use assets -

The Companies maintain leasing contracts for land, buildings, facilities and vehicles used for its operations. Leases of land, buildings and facilities generally have terms of 1 to 60 years, and leases of vehicles have terms of 2 to 4 years. The Companies 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 Companies have also entered into certain leases of premises with terms of 12 months or less and leases of low-value office equipment. The Companies apply the short-term and low-value lease exemptions for this kind of leases.

(b.1) The carrying amounts of right-of-use assets and movements recognized during the period are detailed below:

	Land S/(000)	Buildings and facilities S/(000)	Vehicles S/(000)	Total S/(000)
Cost -				
Balance as of January 1, 2019, note 3.3	3,511	1,646,251	1,679	1,651,441
Additions	-	238,790	289	239,079
Disposals, note 24	-	(14,707)	-	(14,707)
Translation effect	-	(415)	(21)	(436)
Balance as of January 1, 2020	3,511	1,869,919	1,947	1,875,377
Acquisition of Subsidiary, note 2(b)	-	27,873	-	27,873
Additions	-	297,585	1,393	298,978
Disposals, note 24	-	(28,699)	(365)	(29,064)
Disposals Subsidiary, note 2(c)	-	(3,271)	-	(3,271)
Translation effect	-	2,224	117	2,341
Balance as of December 31, 2020	3,511	2,165,631	3,092	2,172,234
Accumulated depreciation -				
Balance as of January 1, 2019	-	-	-	-
Additions, note 23(b)	62	317,379	550	317,991
Disposals note 24	-	(1,570)	-	(1,570)
Translation effect	-	(27)	2	(25)
Balance as of January 1, 2020	62	315,782	552	316,396
Acquisition of Subsidiary, note 2(b)	-	3,989	-	3,989
Additions, note 23(b)	58	317,551	326	317,935
Disposals note 24	-	(10,508)	(194)	(10,702)
Disposals Subsidiary, note 2(c)	-	(2,380)	-	(2,380)
Translation effect	-	1,142	49	1,191
Balance as of December 31, 2020	120	625,576	733	626,429
Net book value of December 31, 2020	3,391	1,540,055	2,359	1,545,805
Net book value of December 31, 2019	3,449	1,554,137	1,395	1,558,981

(b.2) The carrying amounts of lease liabilities and movements during the period are detailed below:

	2020 S/(000)	2019 S/(000)
Balance at the beginning of the year	1,532,492	1,651,441
Acquisition of Subsidiary, note 2(b)	26,404	-
Additions	298,978	239,081
Increase for accrued interest, note 25	112,764	109,996
Payments -		
Leases with fixed rent	(392,316)	(370,124)
Rent in advance	(5,569)	(65,363)
Disposal Subsidiary, note 2(c)	(890)	-
Cancellation of contracts, note 24	(18,877)	(13,061)
Exchange rate variation	92,580	(19,093)
Translation effect	1,304	(385)
Balance at the end of the year	1,646,870	1,532,492
By time -		
Current portion	229,726	269,657
Non-current portion	1,417,144	1,262,835
	1,646,870	1,532,492

(b.3) As of December 31, 2020 and 2019, the payment schedule of these obligations is as follows:

	2020 S/(000)	2019 S/(000)
2020	-	269,657
2021	229,726	229,308
2022	228,685	204,932
2023 to 2024	305,387	137,622
2025 onwards	883,072	690,973
Total	1,646,870	1,532,492

(b.4) The following table presents the amounts recognized in the combined income statement:

	2020 S/(000)	2019 S/(000)
Depreciation expense on right-of-use assets, note 23(b)	317,935	318,330
Interest expense on lease liabilities, note 25	112,764	109,996
Expenses related to variable, short-term and low-value leases (included as "Selling expenses" and "Administrative expenses", note 23(b)	64,171	29,898
Total amount recognized in profit and loss	494,870	458,224

(b.5) The Companies lease commercial premises and these leases contain variable payments based on sales. Management's objective is to align lease expenses with income.

Information on the variable lease payments made by the Companies, including a comparison with fixed payments, is presented below:

	2020			2019		
	Fixed payments S/(000)	**Variable payments** S/(000)	**Total** S/(000)	**Fixed payments**	**Variable payments**	**Total**
Fixed lease	392,316	-	392,316	370,124	-	370,124
Variable lease	-	15,650	15,650	-	3,900	3,900
	392,316	15,650	407,966	370,124	3,900	374,024

14. Investment properties, net

(a) As of December 31, 2020, 2019 and 2018 corresponds to strip center projects located in the following cities:

	2020 S/(000)	2019 S/(000)	2018 S/(000)
Lima y Callao	156,253	157,189	152,533
Ilo	38,702	38,288	-
Moquegua	28,210	29,741	27,331
Tumbes	16,349	19,987	-
Tarapoto	18,168	19,432	-
Tacna	18,039	18,870	18,017
Puno	6,524	6,483	4,716
	282,245	289,990	202,597

During 2020, the Companies recognized renting income and expenses from their strip center for approximately S/22,448,000 and S/19,858,000, respectively. During 2019, the Companies recognized renting income and expenses from their strip center for approximately S/30,904,000 and S/4,304,000, respectively, and, S/20,647,000 and 6,676,000, respectively during 2018; which are included in the "Rental income" and "Cost of sales and services", respectively in the combined income statement.

(b) The movement of this caption is presented below:

	2020 S/(000)	2019 S/(000)	2018 S/(000)
Balance at the beginning of the year	289,990	202,597	196,851
Transfers of property, installations, furniture and equipment, (c) and note 13(a)	-	43,083	-
Works for expansions and remodeling (e)	7,760	37,193	3,040
Transfers to property, installations, furniture and equipment, note 13(a)	(47)	-	-
Fair value adjustment (f)	(15,458)	7,117	2,706
Balance at the end of the year	282,245	289,990	202,597

(c) During 2019, the transfers of property, furniture and equipment correspond to the properties located in the following cities:

	2019 S/(000)
Ilo	29,937
Tarapoto	11,870
Tumbes	1,276
	43,083

(d) During 2019, mainly corresponds to the construction cost incurred in the "VES Placita" strip center opened in the second semester of such year. Likewise, during 2019, the Company signed two contracts with related parties for real estate projects which will be used for leasing to third parties; these projects are named: "Lurin" and "La Curva" Strip centers. At the end of 2019 for the construction of these projects a total of S/26,552 and S/77,322,000 was disbursed, respectively, of which S/18,257,000 and S/40,022,000 were financed by related entities to the Company, see note 26(c).

(e) During 2019, it mainly corresponds to the incurred costs to conclude the construction of the "Tarapoto" and "Tumbes" Strip center. Similarly, there are associated costs to the "Ilo" facility, which concluded the construction in 2020.

(f) Fair value changes -
As of December 31, 2020, 2019 and 2018, the Companies do not have properties classified within Levels 1 or 2 of the fair value hierarchy. As of said dates, the fair value of investment properties is classified within Level 3 and was determined using the discounted cash flow (DCF) method for the operational strip centers and properties.

The fair value of investment properties has been determined according to market value and under International valuation techniques, which are prepared over an aggregated and deleveraged basis. According to note 3.2(n), to estimate the fair values of the investment properties, the Management of the Companies have used their market expertise and professional judgement.

During 2020, 2019 and 2018, the fluctuation of the investment properties' fair value was approximately S/15,458,000, S/7,117,000, S/2,706,000, respectively; which is shown in the "Changes in fair value of investment property in fair value of investment properties" of the combined income statement.

Main assumptions
A brief description of the assumptions considered in the determination of cash flows as of December 31, 2020, 2019 and 2018, is presented below:

- Long-term inflation -
  It is the increase of the general level of prices expected in Peru for the long term.

- Long-term average occupancy rate -
  It is the expected occupancy level of lessees in the leased properties.

- Average growth rate of rental income -
  It is the rate that expresses the rental income growth and includes growth factors of the industry, inflation rates, stable exchange rate, per capita income and increasing expenses.

- Average EBITDA margin -
  It is projected from the rental income from leasable areas by property and marketing income, minus costs related to administration fees, other administrative expenses, insurance, taxes and other expenses.

- Discount rate -
  It reflects the current market risk and the uncertainty associated to obtaining cash flows.

The main assumptions used in the valuation and estimation of the market value of investment properties are detailed below:

	2020 %	2019 %	2018 %
Long-term inflation	2.00	2.00	2.75
Long-term average occupancy rate (*)	7.38	9.91	9.10
Average growth rate of rental income (*)	7.36	3.00	16.69
Average EBITDA margin (*)	71.18	67.00	50.70
Discount rate	8.70	8.70	9.00

(*) Average of total Strip Center; value can change depending on the Strip Center.

The table below presents the sensitivity of the fair values to changes in the most significant assumptions underlying the valuation of investment properties, maintaining the other variables constant:

	Rate change	2020 S/(000)	2019 S/(000)	2018 S/(000)
Average growth rate of income (basis) -				
Increase	+5%	182,040	8,085	1,176
Decrease	-5%	(75,221)	(7,608)	(1,176)
Discount rate (basis) -				
Increase	+0.5%	(20,136)	(10,286)	(958)
Decrease	-0.5%	779	11,545	301

(g) The future amounts of the fixed minimum rents by currency corresponding to leases are as follows:

	2020 S/(000)	2019 S/(000)	2018 S/(000)
Within 1 year	17,241	21,681	132,459
After 1 year but not more than 5 years	160,535	198,356	563,828
Over 5 years	1,220,909	1,424,853	1,651,455
Total	1,398,685	1,644,890	2,347,742

As of December 31, 2020, the minimum rents are calculated on the basis of a time horizon between 1 and 57 years (between 1 and 50 years as of December 2019 and 2018).

(h) The Companies maintain insurance on its investment properties in accordance with the policies established by Management.

15. Intangible assets, net

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

	Software and licenses S/(000)	Brands: Definite useful life S/(000)	Brands: Indefinite useful life (b) S/(000)	Goodwill (c) S/(000)	Relationships with clients (d) S/(000)	Contracts with represented (d) S/(000)	Work in progress S/(000)	Total S/(000)
Useful lives (years) -	10	2 - 20	-	-	12 - 31	1 - 26	-	
Cost -								
Balance as of January 1, 2018	177,468	116	373,054	709,472	-	-	20,268	1,280,378
Acquisition of Subsidiary, note 2(a)	67,584	24,172	432,081	1,272,634	46,300	204,800	1,538	2,049,109
Additions (e)	12,458	17,040	-	-	-	-	15,404	44,902
Write-downs	(14,630)	-	-	-	-	-	(4)	(14,634)
Transfers	3,111	-	-	-	-	-	(3,111)	-
Translation effect	190	-	-	-	-	-	-	190
Balance as of December 31,2018	246,181	41,328	805,135	1,982,106	46,300	204,800	34,095	3,359,945
Additions (e)	3,119	-	-	-	-	-	17,326	20,445
Write-downs	(2,236)	-	-	-	-	-	(813)	(3,049)
Transfers	7,414	-	-	-	-	-	(7,414)	-
Transfers of property, installations, furniture and equipment, note 13(a)	-	-	-	-	-	-	654	654
Translation effect	(86)	-	-	-	-	-	(7)	(93)
Balance as of December 31, 2019	254,392	41,328	805,135	1,982,106	46,300	204,800	43,841	3,377,902
Acquisition of Subsidiary, note 2(b)	58,946	-	57,293	739,968	-	-	-	856,207
Additions (e)	29,262	-	-	-	-	-	10,050	39,312
Write-downs	(698)	-	-	-	-	-	(2,393)	(3,091)
Transfers	28,693	-	-	-	-	-	(28,693)	-
Transfers of property, installations, furniture and equipment, note 13(a)	105	-	-	-	-	-	166	271
Translation effect	355	-	-	-	-	-	-	355
Disposal to subsidiary	(525)	-	-	-	-	-	-	(525)
Balance as of December 31, 2020	370,530	41,328	862,428	2,722,074	46,300	204,800	22,971	4,270,431
Accumulated amortization -								
Balance as of January 1, 2018	90,519	116	-	-	-	-	-	90,635
Acquisition of Subsidiary, note 2(a)	46,136	6,787	-	-	-	-	2,026	54,949
Additions, note 23(b)	24,952	775	-	-	1,720	22,534	92	50,073
Write-downs	(14,043)	-	-	-	-	-	(4)	(14,047)
Translation effect	149	-	-	-	-	-	-	149
Balance as of December 31, 2018	147,713	7,678	-	-	1,720	22,534	2,114	181,759
Additions, note 23(b)	24,943	847	-	-	1,877	24,582	189	52,438
Write-downs	(1,506)	-	-	-	-	-	(472)	(1,978)
Translation effect	(58)	-	-	-	-	-	(7)	(65)
Balance as of December 31, 2019	171,092	8,525	-	-	3,597	47,116	1,824	232,154
Acquisition of Subsidiary, note 2(b)	54,212	-	-	-	-	-	-	54,212
Additions, note 23(b)	26,517	2,298	-	-	1,877	41,182	404	72,278
Write-downs	(698)	-	-	-	-	-	-	(698)
Translation effect	309	-	-	-	-	-	-	309
Disposal to subsidiary	(525)	-	-	-	-	-	-	(525)
Balance as of December 31, 2020	250,907	10,823	-	-	5,474	88,298	2,228	357,730
Net book value as of December 31, 2020	119,623	30,505	862,428	2,722,074	40,826	116,502	20,743	3,912,701
Net book value as of December 31, 2019	83,300	32,803	805,135	1,982,106	42,703	157,684	42,017	3,145,748
Net book value as of December 31, 2018	98,468	33,650	805,135	1,982,106	44,580	182,266	31,981	3,178,186

(b) The Companies estimated the fair value of their intangible assets using the "Relief from royalty" method, which constitutes a usual method of discounted cash flows used for the valuation of commercial brands. The main assumption of this method is that the Company owner of the brand saves the royalty payment to other hypothetical owner, therefore the value of this brand would be represented by the amount that is avoided to pay for these royalties. The detail of the brands with indefinite useful life is presented below:

	Amount S/(000)
Brands with indefinite life -	
Inkafarma, acquired in 2011	373,054
Mifarma, note 2(a)	395,355
Química Suiza, note 2(a)	17,791
Ninet, note 2(a)	15,911
Makro, note 2(b)	57,293
Other, note 2(a)	3,024
	862,428

The factors considered to determine that the brand has an indefinite life are the following:

- History and expected use of the asset by the Companies: this is the most important factor to consider in the definition of the useful life of the brands "Inkafarma", "Mifarma", "Química Suiza", "Ninet", "CiFarma", "CIPA" and "Makro" considering that those are the most recognized brands in the pharmacy industry and food retail in Peru and the Company expects to further strengthen it in the market in the long term.

- Legal, regulatory or contractual limits to the useful life of the intangible asset: there are no legal, regulatory or contractual limits linked to the brands. The brands are duly protected and the pertinent registrations remain valid.

- Effect of obsolescence, demand, competition and other economic factors: "Inkafarma", "Mifarma", "Química Suiza", "Ninet", "CiFarma", "CIPA" and "Makro", are the most recognized brands in the pharmacy and food retail industry in Peru. This implies a low risk of obsolescence.

- Maintenance of the necessary investment levels to produce the projected future cash flows for the brands are based on investments in marketing, technology and the growth and revamping of the pharmacy chain infrastructure. Furthermore, efficiencies are expected as a result of synergies and the growth in scale of the operations, which are compatible and reasonable for the industry. However, an increase in general administration expenses is also contemplated to sustain the projected increase in sales.

- Relationship of the useful life of an asset or group of assets with the useful life of an intangible asset: The brands do not depend on the useful life of any asset or group of assets as they exist independently, and are not related to sectors subject to technological obsolescence or other causes.

(c) Goodwill is initially measured at cost, which corresponds to the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests, if existing, over the net identifiable assets acquired and liabilities assumed. The details of goodwill are presented below:

	Amount S/(000)
Goodwill -	
Inkafarma, acquired in 2011	709,472
Quicorp acquired in 2018, note 2(a)	1,272,634
Makro, acquired in 2020, note 2(b)	739,968
	2,722,074

Management carries out an annual recoverability test to its indefinite-life assets, composed of goodwill and brands. To do so, the goodwill and the brands acquired in business mergers were allocated to the cash generating unit (CGU) "Pharmacies" and "Food Retail" from the acquisition date.

When the CGU's recoverable amount is less than its carrying amount, an impairment loss is recognized. The impairment losses related to goodwill cannot be reversed in future periods.

The recoverable amounts of the "Pharmacies" and "Food Retail" cash-generating unit has been determined based on fair value less cost of sales calculated using cash flow projections from financial budgets approved by senior management covering a ten-year period.

The cash flows that continue beyond the period indicated in the projections were extrapolated using a specific growth rate similar to the average long-term growth rate for the country in which each entity operates.

Following are the key assumptions used in the impairment assessment for each CGU as of December 31, 2020, 2019 and 2018:

- Sales growth rate – A sales growth rate was considered for each CGU between 3 and 11 percent. This growth rate is based on expected operational plans for each CGU and brand.

- EBITDA margins – A margin from 13.0 to 14.4 percent was considered for sales. EBITDA margins are based on historical values recorded in years prior to the beginning of the budgeted period and increases during the budgeted period with the normal expected efficiency improvements.

- Royalty rate - A royalty rate from 0.9 to 1.9 percent was considered. Royalty rates are based on values considered in the purchase price allocation of Quicorp. In addition, these rates were corroborated with information of similar transactions in purchase price allocation processes.

- Discount rates – Discount rates used for each CGU is 8.06 percent as of December 2020; between 8.7 and 9.7 percent as of December 2019 and between 9.1 and 13.4 percent as of December 2018. Discount rates represent the current market assessment of the risks specific to each CGU and brand, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the CGU and brands and represents its weighted average cost of capital (WACC). The beta factors are evaluated annually based on publicly available market data. The factors that have an impact on the discount rate calculation, as country risk, free discount rate, beta, market premium and cost of debt are evaluated annually based on publicly available market data.

In the opinion of the Companies' Management, the aforementioned assumptions are, in general terms, aligned to information of the sector in which each CGU and brand operates.

As of December 31, 2020, 2019 and 2018, the book value of goodwill related to each CGU has been compared with the recoverable value and Management has determined that it is not necessary to record any impairment.

The key assumptions described above may change if market conditions and the economy change. The Companies estimate that changes in these assumptions, which would be reasonable to expect, would not cause the recoverable amount of "Pharmacies" and "Food Retail" CGU to decrease below their book value.

(d) For the valuation of customer relationships and contracts with represented companies, the "Multi Period Excess Earning Method" was applied. It reflects the present value of the surplus cash flows generated by the intangible asset during their lifespan after deducting tax charges for the tangible or intangible operating assets used.

Customer relationships result from the provision of a service for the manufacturer of one or more specific products. To determine the lifespan, the historical loss of customers in each business operation and its consistency with the characteristics of the business and the market in which it operates were analyzed.

On the other hand, contracts with represented companies mainly define the exclusivity for the distribution of a product, as well as the inventory levels required to maintain the operation. To determine the lifespan, the remaining lifespan of contracts in force at the transaction date and the history of renewals were considered.

(e) Additions for the years 2020, 2019 and 2018 mainly correspond to disbursements made by the Companies for the acquisition of software, licenses and brands. Such disbursements include the costs of acquisition of the software and licenses, development costs and other directly attributable costs. In Management's opinion, work in progress as of December 31, 2020, will be substantially completed during 2021.

(f) As of December 31, 2020, 2019 and 2018, the Companies do not maintain guarantees on their intangible assets.

(g) In the case of intangible assets with a definite useful life, in the opinion of Management, there is no indicator of impairment as of December 31, 2020, 2019 and 2018. Likewise, as of December 31, 2020, 2019 and 2018, Management carried out an impairment test for the brands with indefinite useful life (detailed in (b), above), and, as a result of that test, it has determined that it is not necessary to recognize any provision for impairment.

16. Trade accounts payables

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

	2020 S/(000)	2019 S/(000)	2018 S/(000)
Bills payable for purchase of goods (b)	2,903,428	2,549,796	2,432,652
Bills payable for commercial services	247,873	271,710	462,357
Provision for services and maintenance	97,560	78,460	30,154
	3,248,861	2,899,966	2,925,163
Current portion	3,248,861	2,899,966	2,914,430
Non-current portion	-	-	10,733
	3,248,861	2,899,966	2,925,163

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

The Companies offer to their suppliers access to an accounts payable services 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 the Companies' obligations, including amounts due, remain due to their suppliers as stated in the supplier agreements.

17. Other accounts payables

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

	2020 S/(000)	2019 S/(000)	2018 S/(000)
Provision for contingencies, note 28(b)	110,876	80,918	71,604
Employees profit sharing (b)	103,271	81,744	54,545
Non domiciled tax	83,274	-	-
VAT payable	54,371	45,331	35,558
Salaries and social benefits	53,062	32,590	37,243
Vacations accrual	47,905	45,448	46,618
Taxes payable	31,565	19,976	20,024
Interest payable of financial obligations and senior notes, note 19(f)	25,873	23,824	23,542
Fines to pay	23,000	-	-
Provision for retirement and eviction pensions (c)	21,131	19,865	20,429
Rent payable	13,325	-	4,548
VAT withholdings in purchases	11,898	7,195	17,117
Deposits from third parties	6,856	4,287	5,755
Shopping vouchers pending to be used	-	15,223	29,526
Provisions for unbilled construction and maintenance services	-	7,156	8,897
Severance indemnity	-	6,240	5,657
Other	49,796	20,844	50,076
	636,203	410,641	431,139
Current portion	612,755	389,352	409,285
Non-current portion	23,448	21,289	21,854
	636,203	410,641	431,139

The above items have mostly current maturities, do not bear interests and have no guarantees granted on them.

(b) In accordance with the employee profit sharing regime in force regulated by the Legislative Decree 677, the employees in Peru have the right to receive a participation of 8 percent of taxable income, 50 percent of that amount is distributed pro rata amongst all the employees on the basis of the days worked and the remaining balance in proportion with the basic remunerations perceived in the period.

(c) In accordance with the labour law in Ecuador, the workers who meet certain conditions during their labour period, will have the right to be retired by their employers or to receive a pension in case the labour relationship has been produced by eviction. The provision for retirement and eviction pensions is determined by an external qualified actuarial, using market factors and estimation in accordance with the actuarial methodology and considering the labour law in Ecuador. The provision for retirement and eviction pensions as of December 31, 2020, 2019 and 2018, covers appropriately the amount that was estimated in the actuarial valuation.

18. 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	Maturity	Original amount			2020	2019	2018
		%		US$(000)	$(000)	S/(000)	S/(000)	S/(000)	S/(000)
Leasing (b) -									
Related entity, note 26(b)									
Banco International del Perú S.A.A.- Interbank	S/	Between 4.98 and 7.85	2019 - 2024	-	-	101,963	101,275	100,955	125,537
Non – related entities									
Banco de Crédito del Perú	S/	Between 5.050 and 7.560	2020 - 2025	-	-	40,741	32,508	3,992	19,021
Hewlett Packard S.R.L. (c)	US$	Between 1.45 and 5.564	2021 - 2025	20,148	-	-	26,822	18,865	25,099
Banco Interamericano de Finanzas	S/	Between 5.240 and 7.500	2021-2022	-	-	36,111	15,557	-	-
BBVA Banco Continental S.A.	S/	4.950	2019 - 2024	-	-	18,279	12,026	63	392
Banco Santander del Perú S.A.	S/	Between 6.920 and 8.550	2020 - 2022	-	-	2,747	644	1,043	848
Scotiabank Perú S.A.A.	S/	Between 6.75 and 7.55	2019 - 2020	-	-	24,831	-	3,064	10,988
IBM Perú S.A.C. (c)	US$	2.17	2019	335	-	-	-	-	37
							188,832	127,982	181,922
Notes and loans (d) -									
Related entity, note 26(b)									
Banco Internacional del Perú S.A.A.- Interbank	S/	Between 0.4 and 4.98	2021 - 2025	-	-	394,987	335,286	322,965	243,399
Non – related entities									
J.P. Morgan Chase Bank N.A., note 2(b)	US$	1.438	2021	375,000	-	-	1,344,679	-	-
Banco Scotiabank Perú S.A.A.	S/	Between 1.180 and 5.65	2019 - 2026	-	-	1,154,050	888,544	941,983	799,845
BBVA Banco Continental S.A.	S/	Between 3.99 and 6.100	2019 - 2025	-	-	135,000	119,103	15,000	20,000
Banco de Crédito del Perú	S/	Between 3.99 and 5.65	2019 - 2021	-	-	203,000	53,000	124,250	179,206
Citibank S.A. (Ecuador)	US$	5.00	2022	10,000	-	-	30,203	33,170	-
Banco de Bogotá (Colombia)	COP	6.7	2020	-	2,900,000	-	3,061	2,935	3,015
Banco Pichincha S.A. (Ecuador)	US$	8.95	2020 - 2021	500	-	-	1,087	1,659	27,033
BBVA Colombia (Colombia)	COP	6.100	2021	-	89,968	-	94	-	-
Citibank S.A.	S/	2.79	2020	-	-	33,000	-	26,000	-
Banco Bolivariano C.A. (Ecuador)	US$	Between 7.30 and 8.90	2020	6,000	-	-	-	-	16,050
Banco Internacional S.A. (Ecuador)	US$	Between 8.50 and 9.12	2019	3,500	-	-	-	-	11,827
Banco de la Producción S.A. Produbanco (Ecuador)	US$	7.95	2019	5,000	-	-	-	-	11,440
Others	US$	Between 7.93 and 8.26	2019 - 2020	8,892	-	-	-	8	9,540
							2,775,057	1,467,970	1,321,355
Financed premium "Call Spread", note 12(b)									
Citibank N.A.	US$	6.473	2023	18,297	-	-	35,785	44,491	56,532
							35,785	44,491	56,532
							2,999,674	1,640,443	1,559,809
Current portion							1,672,617	354,009	411,718
Non-current portion							1,327,057	1,286,434	1,148,091
							2,999,674	1,640,443	1,559,809

(b) As of December 31, 2020, 2019 and 2018, leasing contracts are in local and foreign currency, intended mainly for the equipment of commercial stores and warehouses of the Companies. In accordance with the provisions of the leasings contracts, the guarantees that the Companies maintain with the financial entities are the same assets related to those contracts, see note 13(a.1).

(c) Corresponds to the debt acquired by the purchase and financial leasing of computer equipment. These obligations do not have specific guarantees.

(d) Promissory notes and bank loans are used to finance working capital and do not have any specific guarantee.

The main financial requirements ("covenants") maintained for loans acquired with Banco Internacional del Perú S.A.A., Banco de Crédito del Perú and Scotiabank Perú S.A.A., during their duration, are measured as follows using the financial statements of InRetail Pharma S.A. and Supermercados Peruanos S.A., as applicable:

- The net debt ratio resulting from dividing (i) the net financial debt by (ii) the LTM (last twelve months) EBITDA must not be greater than 3.50 in the case of Banco Internacional del Perú S.A.A., Banco de Crédito del Perú and Scotiabank Peru S.A.A.

- The ratio of number of years to pay off the structural debt resulting from dividing (i) the structural debt by (ii) the theoretical cash generation (last twelve months) must not be greater than 8.00 in the case of Banco de Crédito del Perú.

Likewise, the Bridge Facility acquired with the JPMorgan Chase Bank, N.A. contains covenants, including restrictions on incurrence of debt and maintenance of certain financial ratios, among others.

As of December 31, 2020, 2019 and 2018, the Companies have complied with the financial requirements ("covenants") indicated above.

(e) The accrued interest during the year 2020, 2019 and 2018 for loans and borrowings was approximately S/81,662,000, S/73,961,000 and S/110,252,000, respectively, and are presented in the "Financial costs" caption of the combined income statements, see note 25.

(f) Future minimum payments for the leasing described in subsection (a) of this Note, net of future financial charges, are as follows:

	2020		2019		2018	
	Minimum payments S/(000)	Present value of the leasing installments S/(000)	Minimum payments S/(000)	Present value of the leasing installments S/(000)	Minimum payments S/(000)	Present value of the leasing installments S/(000)
Up to 1 year	40,741	32,445	27,271	17,348	74,423	50,500
Between 1 and 5 years	175,671	156,387	127,766	110,634	128,499	131,422
Total minimum payments	216,412	188,832	155,037	127,982	202,922	181,922
Minus- amounts representing finance charges	(27,580)	-	(27,055)	-	(21,000)	-
Present value of future minimum payments	188,832	188,832	127,982	127,982	181,922	181,922

(g) Debts and interest – bearing loans are payable as follow:

	2020 S/(000)	2019 S/(000)	2018 S/(000)
2019	-	-	411,718
2020	-	354,009	332,541
2021	1,672,617	189,023	216,588
2022	381,469	182,856	225,843
2023 forward	945,588	914,555	373,118
Total	2,999,674	1,640,443	1,559,808

19. Senior notes issued

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

Type of obligation	Original currency	Interest rate	Maturity (*)	Original amount		2020	2019	2018
		%		US$(000)	S/(000)	S/(000)	S/(000)	S/(000)
Senior Notes Unsecured (b)	US$	5.375	May, 2023	400,000	-	1,436,872	1,310,706	1,330,899
Senior Notes Unsecured (c)	S/	6.4375	May, 2025	-	385,800	384,041	383,707	383,390
Total				400,000	385,800	1,820,913	1,694,413	1,714,289

(*) The payment of the principal is at maturity; consequently, balances as of December 31, 2020, 2020, 2019 and 2018 are considered long-term.

(b) In May 2018, InRetail Pharma S.A. issued "Senior Notes Unsecured" in the international market for US$400,000,000 equivalent to S/1,449,600,000 as of December 31, 2020 (equivalent S/1,326,800,000 as of December 31, 2019 and equivalent to S/1,351,600,000 as of December 31, 2018), with a nominal interest rate of 5.375 percent and maturity in 2023. These borrowings were recorded in the combined financial statements at their amortized cost at a 5.778 percent effective interest rate, after considering the respective up-front fees for approximately US$3,512,000 equivalent to a total amount of approximately S/12,728,000 as of December 31,2020 (approximately US$4,852,000 equivalent S/16,094,000 as of December 31, 2019 and approximately US$6,144,200 equivalent S/20,701,000 as of December 31,2018).

(c) In May 2018, InRetail Pharma S.A. issued "Senior Notes Unsecured" in the local market for S/385,800,000, with a nominal interest rate of 6.4375 percent and maturity in 2025. These borrowings were recorded in the combined financial statements at their amortized cost at a 6.559 percent effective interest rate, after considering the respective up-front fees for approximately S/1,759,000 as of December 31,2020 (S/2,093,000 as of December 31, 2019, and S/2,410,000 as of December 31,2018).

(d) The funding indicated in paragraphs (b) and (c) was mainly used to prepay a bridge loan indicated in note 2(a). As a result of these issuances certain obligations and restrictive clauses must be complied until their maturity or cancellation. The financial ratio required to the issuer and to the subsidiaries at all times collectively represent at least 85 percent of the InRetail Pharma S.A. and Subsidiaries' Consolidated Adjusted EBITDA. In Management's opinion, these clauses do not limit the InRetail Pharma operations and have been complied as of December 31, 2020, 2019 and 2018.

(e) It is worth mentioning that, in October 2014, InRetail Consumer, made a private offering of bonds named "Senior Notes Unsecured" in the local market and abroad for US$300,000,000 and S/250,000,000, at a nominal interest rate of 5.2500 percent and 6.8125 percent, respectively, with maturity in October 2021. These obligations were recorded at amortized cost at an effective annual interest rate of 5.5869 percent and 6.8805 percent for the issuance in U.S. Dollars and Soles, respectively, after considering the initial charges. In February 2018, these "Senior Notes Unsecured" were pre-paid. Consequently, as indicated in note 12(c), the call spread related to these bonds was settled in advance in April 2018.

The premium for early settlement of the senior notes amounted to US$8,243,000 (equivalent to S/26,798,000) and S/26,008,000, see note 25. Likewise, during 2018, the accrued structuring costs for S/11,071,000 and S/561,000, presented in the "Structuring costs accrued" caption of combined income statements, see note 25.

(f) The accrued interests during the year 2020, 2019 and 2018 for these senior notes amounted to approximately S/103,445,000, S/99,726,000 and S/75,747,000, respectively, and are presented in the "Financial costs" caption of the combined income statements, see note 25. Likewise, as of December 31, 2020, the outstanding amounts of interest obligations and senior notes to pay approximately amount to S/25,873,000 (S/23,824,000 and S/23,542,000 as of December 31, 2019 and 2018, respectively) and are presented in the "Other accounts payables" caption of combined statements of financial position, see note 17(a).

Additionally to the information included in the paragraph (e), during 2020, 2019 and 2018 the Companies accrued structuring costs for S/8,554,000, S/8,270,000 and S/36,399,000, respectively, are presented in the "Structuring costs accrued", see note 25.

20. Deferred income tax

(a) The table below present the composition of this caption by Subsidiary:

	2020		2019		2018	
	Deferred asset, net S/(000)	**Deferred liability, net** S/(000)	**Deferred asset, net** S/(000)	**Deferred liability, net** S/(000)	**Deferred asset, net** S/(000)	**Deferred liability, net** S/(000)
Supermercados Peruanos S.A. and Subsidiaries	3,279	(132,990)	2,379	(78,925)	453	(78,734)
InRetail Pharma S.A. and Subsidiaries	84,887	(206,516)	46,293	(240,762)	59,702	(263,709)
	88,166	(339,506)	48,672	(319,687)	60,155	(342,443)
Combined adjustments (*)	(163)	(111,773)	(643)	(112,095)	-	(111,916)
Deferred, net	88,003	(451,279)	48,029	(431,782)	60,155	(454,359)

(*) As of December 31,2020, 2019 and 2018, corresponds to eliminations and adjustments of combined, mainly related to the "Inkafarma" brand.

(b) The table below presents the detail of the deferred income tax assets and liabilities by nature:

	Balance as of January 1, 2018 S/(000)	Acquisition of subsidiary, note 2(a) S/(000)	(Debit)/credit to the combined statement of income S/(000)	Equity S/(000)	Translation S/(000)	Balance as of December 31, 2018 S/(000)	(Debit)/credit to the combined statement of income S/(000)	Adoption of IFRS 16, note 3.3 S/(000)	Equity S/(000)	Translation S/(000)	Balance as of December 31, 2019 S/(000)	Acquisition of subsidiary, note 2(b) S/(000)	Disposal Subsidiary, note 2(c) S/(000)	(Debit)/credit to the combined statement of income S/(000)	Equity S/(000)	Translation S/(000)	Balance as of December 31, 2020 S/(000)
Deferred asset -																	
Tax loss	-	33,153	(6,180)	-	-	26,973	(10,042)	-	-	-	16,931	-	-	(4,642)	-	-	12,289
Differences in depreciation rates	458	8,279	765	-	-	9,502	2,169	-	-	-	11,671	-	-	4,604	-	-	16,275
Provisions	180	3,496	3,200	-	26	6,902	(1,990)	-	-	(48)	4,864	-	(2)	7,868	-	185	12,915
Leases	-	-	-	-	-	-	5,890	-	-	3	5,893	-	(6)	17,621	-	31	23,539
Provision for holidays	4,640	3,650	(4,165)	-	8	4,133	(14)	-	-	(3)	4,116	-	(37)	4,469	-	10	8,558
Provision for doubtful accounts	110	3,594	(1,188)	-	55	2,571	390	-	-	(32)	2,929	-	-	2,175	-	190	5,294
Provision for impairment of inventories	995	2,072	(548)	-	27	2,546	51	-	-	(12)	2,585	-	(27)	889	-	76	3,523
Rebates estimate	3,256	49	(2,954)	-	(1)	350	-	-	-	-	350	-	-	2,811	-	5	3,166
Others	9,617	10,269	(5,918)	(936)	9	13,041	(2,984)	-	(2,637)	(23)	7,397	-	(8)	9,804	18,117	171	35,481
	19,256	64,562	(16,988)	(936)	124	66,018	(6,530)	-	(2,637)	(115)	56,736	-	(80)	45,599	18,117	668	121,040
Deferred liability -																	
Higher book value of property, furniture and equipment	(657)	-	657	-	-	-	(107)	-	-	-	(107)	-	-	(1,100)	-	-	(1,207)
Leases	-	-	-	-	-	-	(2,343)	-	-	1	(2,342)	-	-	82	-	(24)	(2,284)
Hedging effect "Call Spread"	-	-	-	-	-	-	-	-	-	-	-	-	-	(14,042)	-	-	(14,042)
Others	(5,620)	-	(243)	-	-	(5,863)	(396)	-	-	1	(6,258)	-	-	(3,064)	(6,182)	-	(15,504)
	(6,277)	-	414	-	-	(5,863)	(2,846)	-	-	2	(8,707)	-	-	(18,124)	(6,182)	(24)	(33,037)
Total deferred income tax asset, net	12,979	64,562	(16,574)	(936)	124	60,155	(9,376)	-	(2,637)	(113)	48,029	-	(80)	27,475	11,935	644	88,003
Deferred asset -																	
Leases	-	-	-	-	-	-	45,164	-	-	-	45,164	744	-	1,038	-	-	46,946
Loss due to theft of goods	20,785	-	14,460	-	-	35,245	(634)	-	-	-	34,611	2,459	-	(3,766)	-	-	33,304
Rebates estimate	8,459	-	4,762	-	-	13,221	-	-	-	-	13,221	-	-	(2,811)	-	-	10,410
Provisions	8,874	-	2,570	-	-	11,444	917	-	-	-	12,361	2,682	-	(909)	-	-	14,134
Provision for holidays	3,542	-	6,155	-	-	9,697	192	-	-	-	9,889	847	-	(3,713)	-	-	7,023
Differences in depreciation rates	-	-	1,890	-	-	1,890	3,067	-	-	-	4,957	809	-	(5,347)	-	-	419
Unrealized gain in sales of inventories	-	-	-	-	-	-	4,788	-	-	-	4,788	-	-	28,389	-	-	33,177
Others	483	-	1,230	5,169	-	6,882	4,235	-	(3,759)	-	7,358	5,597	-	(4,862)	-	-	8,093
	42,143	-	31,067	5,169	-	78,379	57,729	-	(3,759)	-	132,349	13,138	-	8,019	-	-	153,506
Deferred liability -																	
Higher value of intangibles generated in business combination	(111,916)	(222,750)	11,482	-	-	(323,184)	7,795	-	-	-	(315,389)	(75,107)	-	12,787	-	-	(377,709)
Higher depreciation for lease and leaseback	(96,505)	-	(7,877)	-	-	(104,382)	(6,717)	-	-	-	(111,099)	(19,851)	-	(6,965)	-	-	(137,915)
Higher book value of property, furniture and equipment	-	(46,758)	(616)	-	-	(47,374)	280	-	-	-	(47,094)	(5,000)	-	(438)	-	-	(52,532)
Leases	-	-	-	-	-	-	(39,225)	-	-	-	(39,225)	-	-	31,387	-	-	(7,838)
Gain from valuation of investment properties	(3,324)	-	(798)	-	-	(4,122)	(2,947)	-	-	-	(7,069)	-	-	4,286	-	-	(2,783)
Depreciation of investment properties	(5,789)	-	(3,753)	-	-	(9,542)	(1,240)	-	-	1	(10,781)	-	-	(3,847)	-	-	(14,628)
Attributed cost for land appraisal	(15,531)	-	-	-	-	(15,531)	-	-	-	-	(15,531)	-	-		-	-	(15,531)
Hedging effect "Call Spread"	-	-	(14,042)	-	-	(14,042)	-	-	-	-	(14,042)	-	-	14,042	-	-	-
Others	(1,914)	-	(12,647)	-	-	(14,561)	13,357	(2,701)	-	4	(3,901)	-	-	4,538	3,637	(123)	4,151
	(234,979)	(269,508)	(28,251)	-	-	(532,738)	(28,697)	(2,701)	-	5	(564,131)	(99,958)	-	55,790	3,637	(123)	(604,785)
Total deferred income tax liability, net	(192,836)	(269,508)	2,816	5,169	-	(454,359)	29,032	(2,701)	(3,759)	5	(431,782)	(86,820)	-	63,809	3,637	(123)	(451,279)

(c) The table below presents the income tax expenses reported in the combined statements of income of 2020, 2019 and 2018:

	2020 S/(000)	2019 S/(000)	2018 S/(000)
Current -			
In Peru	(288,341)	(213,938)	(120,718)
Abroad	(6,774)	(9,918)	(10,431)
	(295,115)	(223,856)	(131,149)
Deferred (*) -			
In Peru	77,196	12,207	(14,947)
Abroad	14,088	7,449	1,189
	91,284	19,656	(13,758)
	(203,831)	(204,200)	(144,907)

(*) The deferred income tax has been calculated on all temporary differences, considering the effective income tax rate where the Companies and their subsidiaries are located.

(d) The following is the determination of the income tax:

	2020		2019		2018	
	S/000	S/000	S/000	%	S/000	%
Income before income tax	599,820	100.00	601,946	100.00	290,725	100.00
Theoretical expense	(176,947)	(29.50)	(177,574)	(29.50)	(85,764)	(29.50)
Effect of permanent differences	(26,884)	(4.48)	(26,626)	(4.40)	(59,143)	(20.34)
Expense for income tax	(203,831)	(33.98)	(204,200)	(33.90)	(144,907)	(49.84)

(e) The income tax asset corresponds to the subsidiaries that, as of December 31, 2020, maintain a credit for this tax, which, at those dates, amounts to approximately S/85,193,000 (approximately S/44,493,000 and S/102,079,000 as of December 31, 2019 and 2018); see note 8(a).

The income tax liability is presented net of the advanced payments of this tax and corresponds to the subsidiaries that maintain income tax payable. As of December 31, 2020, 2019 and 2018, the income tax payable amounts to S/73,682,000, S/21,301,000 and S/10,665,000, respectively.

21. Equity

(a) Capital stock –

It is represented as follow:

Company	Country	Nº common shares issued			Nominal value	Accounting balance of issued shares		
		As of December 31, 2020	As of December 31, 2019	As of December 31, 2018		2020 S/(000)	2019 S/(000)	2018 S/(000)
Supermercados Peruanos S.A. and Subsidiaries	Peru	330,428,609	330,428,609	320,278,896	1.05	346,950	346,950	336,293
InRetail Pharma S.A. and Subsidiaries	Peru	13,783,379	13,783,379	13,783,379	1.00	13,784	13,784	13,784
						360,734	360,734	350,077

As of December 31, 2019, Supermercados Peruanos S.A. received equity contributions by InRetail Perú Corp. which were recorded as an increase of the capital stock pending to issue for approximately S/8,817,000 (S/19,474,000 as of December 31, 2018).

(b) Additional paid-in capital –

As of December 31, 2020, 2019 and 2018, amounts to approximately S/706,427,000 which includes the net effect of combined adjustments as of those dates, which mainly represent the highest value of InRetail Pharma S.A. and subsidiaries since its acquisition, net of debts that are directly related to the Companies.

(c) Yields prepayments -

During 2020, 2019 and 2018, the yields prepayments amounts to approximately S/277,176,000, S/168,707,000 and S/21,658,000, respectively.

(d) Legal reserve -

As provided in the Corporations 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, in both cases there must be replenished. The legal reserve is appropriated when the General Shareholders' Meeting approves the same. As of December 31, 2020, the Companies have transferred approximately S/26,166,000 to legal reserve (approximately S/8,163,000 and S/8,383,000 as of December 31, 2019 and 2018).

22. Tax Situation

(a) The Companies are subject to taxation in the country in which they operate and are taxed on the basis of their non-combined profits. As of December 31, 2020, 2019 and 2018, the income tax rates on taxable income in the main countries in which the Companies operate are:

	Tax rates		
	2020 %	2019 %	2018 %
Peru	29.50	29.50	29.50
Ecuador	25.00	25.00	25.00
Colombia (*)	32.00	33.00	33.00
Bolivia	25.00	25.00	25.00

(*) According to the legislation in force in Colombia, from 2020 onwards the income tax rate will be as follows:

Years	Tax rate
2020	32.0%
2021	31.0%
2022 onwards	30.0%

According to existing legislation in some countries as of December 31, 2019 and 2018, cash dividends for non-domiciled shareholders are taxable for income tax according to the following rates:

	Tax rates		
	2020 %	2019 %	2018 %
Peru	5.00	5.00	5.00
Ecuador	25 - 35	10.16	-
Colombia	7.50	7.50	5.00
Bolivia	12.50	12.50	12.50

(b) In Peru, transfer pricing regulations are applicable to determine the market value of transactions made by domiciled legal entities with related companies from, to or through non-cooperative countries or territories or those with low or no taxes, or those made with subjects whose income, profit or gains from said transactions are subject to a preferential tax regime.

The valuation methods applied, as well as the criteria used to determine the market value, shall be properly documented and supported. Based on the analysis of the operations, Management and its legal advisors believe that, as a consequence of the application of these standards, no significant contingencies will arise for the Companies Group as of December 31, 2020, 2019 and 2018.

(c) In Peru, for purposes of determining income tax, transfer pricing transactions with related companies and companies resident in territories with low or no taxation, must be supported with documentation and information on the valuation methods used and the criteria considered in its determination. Based on the analysis of operations, Management and its legal advisors believe that, as a result of the application of the regulation in force, there will not emerge significant contingencies for the Companies as of December 31, 2020, 2019 and 2018.

(d) During the years following the year of filing the tax return, the tax authorities have the power to review and, as applicable, correct the income tax computed by Companies. The Income Tax and Value Added Tax returns for the following years are open to review by the Tax Authorities:

	Income tax	Valued added - tax
Supermercados Peruanos S.A.	From 2014 to 2020	From 2016 to 2020
Plaza Vea Oriente S.A.C.	From 2018 to 2020	From 2018 to 2020
Plaza Vea Sur S.A.C.	From 2014 to 2020	From 2016 to 2020
Desarrolladora Strip Center S.A.C.	From 2013 to 2020	From 2016 to 2020
Makro Supermayorista S.A.	From 2015 to 2020	From 2015 to 2020
InRetail Pharma S.A.	From 2015 to 2020	From 2015 to 2020
Eckerd Amazonía S.A.C.	From 2015 to 2020	From 2015 to 2020
Boticas del Oriente S.A.C.	From 2015 to 2020	From 2015 to 2020
Quicorp S.A.	From 2015 to 2020	From 2015 to 2020
Química Suiza S.A.C.	From 2016 to 2020	From 2016 to 2020
Cifarma S.A.C.	From 2015 to 2020	From 2015 to 2020
Mifarma S.A.C.	From 2015 to 2020	From 2015 to 2020
Albis S.A.C.	From 2016 to 2020	From 2016 to 2020
Jorsa de la Selva S.A.C.	From 2015 to 2020	From 2015 to 2020
Vanttive S.A.C.	From 2015 to 2020	From 2015 to 2020
Superfarma Mayorista S.A.C.	From 2016 to 2019	From 2016 to 2019
Quimiza Ltda. (Bolivia)	From 2013 to 2020	From 2013 to 2020
Química Suiza Colombia S.A. (Colombia)	From 2018 to 2019	From 2018 to 2019
Quifatex S.A. (Ecuador)	From 2019 to 2020	From 2019 to 2020
Vanttive Cía. Ltda (Ecuador)	From 2016 to 2020	From 2016 to 2020
Farmacias Peruanas S.A.	From 2016 to 2018	From 2016 to 2018
Boticas Torres de Limatambo S.A.C.	From 2015 to 2018	From 2016 to 2018
Droguería La Victoria S.A.C.	From 2015 to 2018	From 2015 to 2018
Química Suiza Comercial S.A.C.	From 2015 to 2018	From 2015 to 2018
Droguería InRetail Pharma S.A.C	From 2019 to 2020	From 2019 to 2020
Farmacias Peruanas S.A.C.	2020	2020
InRetail Foods S.A.C.	2020	2020

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 Companies. Therefore, any major tax or surcharge that may result from eventual revisions by the tax authority would be charged to the combined income statements of the period in which that tax or surcharge is determined.

In 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 December 31, 2020, 2019 and 2018.

According to Peruvian law, InRetail Consumer is not considered as income taxpayers due to its status as a SPS's. Such entities attribute their generated results, the net losses and Income Tax credits on foreign source income, to the holders of their certificates of participation or whoever holds those rights.

(e) The main Peruvian tax regulations issued during 2019 are the following:

(i) By Legislative Decree No. 1424, the Regulations of the Income Tax Act, effective as of January 1, 2020, were amended to improve the tax treatment applicable to credits against income tax.

(ii) By Supreme Decree No. 003-2019-EF, the obligation of legal persons/entities to report the identification of their ultimate beneficial owners was regulated. In line with this, Superintendence Resolution No. 185-2019/SUNAT provided that legal entities domiciled in the country with status of Principal Taxpayer as of November 30, 2019, had to file the ultimate beneficial owner's tax return in December, considering the maturities established for compliance with tax obligations for November.

(iii) By Supreme Decree No. 145-2019-EF, the substantive parameters and form for the application of the general anti-avoidance regulations contained in Standard XVI of the Preliminary Title of the Tax Code were approved. With the publication of this standard, the suspension of the second to fifth paragraphs of Standard XVI which regulate its application in cases of tax avoidance was lifted.

(iv) By Emergency Decree No. 005-2019, the income tax exemption provided for capital gains obtained by the alienation of certain marketable securities through centralized negotiation mechanisms (Lima Stock Exchange) was extended until December 31, 2022. Likewise, the requirements for access to said exemption (stock market presence) were modified.

(v) Emergency Decree No. 025-2019 implemented the following amendments, which came into force on December 12, 2019:

- One of the criteria established for the identification of the ultimate beneficial owners of legal entities was modified. It was established that in the case of trusts or investment funds, such responsibility falls on the natural person acting as trustor, fiduciary, trustee or group of beneficial owners, or any other natural person that having the status of interested party or investor exercises final effective control on the assets or is entitled to the profit or loss of a trust or investment fund, as appropriate.

- Distributors of ownership shares of mutual funds investing in securities were incorporated as withholding agents. Such withholding activity, as well as that carried out by mutual fund administrators, investment fund administrators, trust asset securitization companies, trustees of bank trusts and private pension administrators – concerning contributions without social security purposes – applied to profits, income or capital gains paid to or generated for the holders of the securities issued under the name of the funds or assets of trustors in bank trusts or affiliates in the pension fund.

23. Operating expenses

(a) The table below presents the composition of this caption as of December 31, 2020, 2019 and 2018:

	2020 S/(000)	2019 S/(000)	2018 S/(000)
Cost of sales and services	10,086,246	8,943,130	8,511,642
Selling expenses	2,463,595	2,377,141	2,270,890
Administrative expenses	449,485	380,510	385,685
	12,999,326	11,700,781	11,168,217

(b) The table below presents the components of operating expenses included in cost of sales and services, selling and administrative expenses captions:

	2020				2019				2018			
	Cost of sales and services S/(000)	Selling expenses S/(000)	Administrative expenses S/(000)	Total S/(000)	Cost of sales and services S/(000)	Selling expenses S/(000)	Administrative expenses S/(000)	Total S/(000)	Cost of sales and services S/(000)	Selling expenses S/(000)	Administrative expenses S/(000)	Total S/(000)
Initial balance of goods, note 9(a)	1,773,215	-	-	1,773,215	1,697,238	-	-	1,697,238	986,830	-	-	986,830
Initial balance of raw material, note 9(a)	15,204	-	-	15,204	11,796	-	-	11,796	-	-	-	-
Initial balance of supplies, note 9(a)	1,008	-	-	1,008	1,075	-	-	1,075	-	-	-	-
Initial balance of finished products, note 9(a)	189	-	-	189	672	-	-	672	-	-	-	-
Acquisition of subsidiaries	121,621	-	-	121,621	-	-	-	-	677,880	-	-	677,880
Purchase of goods	10,128,290	-	-	10,128,290	8,920,878	-	-	8,920,878	8,464,373	-	-	8,464,373
Direct labor (e)	39,363	-	-	39,363	35,725	-	-	35,725	45,007	-	-	45,007
Closing balance of goods, note 9(a)	(2,012,314)	-	-	(2,012,314)	(1,773,215)	-	-	(1,773,215)	(1,697,238)	-	-	(1,697,238)
Closing balance of raw material, note 9(a)	(19,552)	-	-	(19,552)	(15,204)	-	-	(15,204)	(11,796)	-	-	(11,796)
Closing balance of supplies, note 9(a)	(550)	-	-	(550)	(1,008)	-	-	(1,008)	(1,075)	-	-	(1,075)
Closing balance of finished products, note 9(a)	(455)	-	-	(455)	(189)	-	-	(189)	(672)	-	-	(672)
Impairment of inventories, note 9(d)	12,862	-	-	12,862	8,192	-	-	8,192	6,717	-	-	6,717
Recovery of inventory impairment, note 9(d)	-	-	-	-	(122)	-	-	(122)	(1,930)	-	-	(1,930)
Manufacturing overhead	11,569	-	-	11,569	27,786	-	-	27,786	8,143	-	-	8,143
Personnel expenses (e)	-	943,169	291,686	1,234,855	-	898,851	236,784	1,135,635	-	863,949	220,525	1,084,474
Depreciation, note 13(a)	6,187	197,654	12,820	216,661	4,330	194,062	15,120	213,512	3,926	169,501	16,568	189,995
Depreciation of asset for right of use, note 13(b.4)	4,801	306,576	6,558	317,935	5,255	304,822	7,914	317,991	-	-	-	-
Amortization, note 15(a)	419	56,902	14,957	72,278	73	41,976	10,389	52,438	124	40,112	9,837	50,073
Amortization of key money	-	-	-	-	-	-	-	-	-	4,463	-	4,463
Services provided by third parties (c)	-	418,046	80,089	498,135	2,823	437,081	72,079	511,983	1,315	437,673	77,963	516,951
Advertising	-	106,728	6	106,734	-	139,495	-	139,495	-	123,780	227	124,007
Taxes	-	36,695	8,647	45,342	1,272	42,678	10,233	54,183	1,142	38,821	11,873	51,836
Packing and packaging	-	30,909	1,017	31,926	-	42,302	126	42,428	-	47,916	101	48,017
Leasing, note 13(b.4)	1,151	53,322	9,698	64,171	1,349	24,807	3,742	29,898	6,816	356,138	17,395	380,349
Insurance	-	22,018	1,620	23,638	579	19,899	1,531	22,009	197	16,918	1,692	18,807
Provision for doubtful accounts, net of recoveries, notes 7(g) and 8(d)	-	11,715	836	12,551	-	6,008	61	6,069	-	5,848	(14)	5,834
Other charges (d)	3,238	279,861	21,551	304,650	13,825	225,160	22,531	261,516	21,883	165,771	29,518	217,172
	10,086,246	2,463,595	449,485	12,999,326	8,943,130	2,377,141	380,510	11,700,781	8,511,642	2,270,890	385,685	11,168,217

(c) Correspond mainly to expenses for electricity, water, telephone and premises maintenance services in stores.

(d) Mainly includes general expenses in stores, such as transport and vigilance services as well as legal and financial services.

(e) The table below presents the components of the personnel expenses:

	2020 S/(000)	2019 S/(000)	2018 S/(000)
By nature -			
Remunerations	784,888	726,403	692,933
Legal bonuses	143,733	144,240	152,229
Contributions	76,561	73,441	72,703
Employees profit sharing	94,150	71,546	48,465
Severance indemnity	64,228	62,086	61,925
Vacations	55,557	52,868	54,822
Other	55,101	40,776	46,404
	1,274,218	1,171,360	1,129,481
By components -			
Selling expenses	943,169	898,851	863,949
Administrative expenses	291,686	236,784	220,525
Costs of sale	39,363	35,725	45,007
	1,274,218	1,171,360	1,129,481

The average number of directors and employees in the Companies and its Subsidiaries was 44,093 for the year 2020, 39,826 for the years 2019 and 38,107 for the year 2018.

24. Other income and expenses

The table below presents the components of this caption:

	2020 S/(000)	2019 S/(000)	2018 S/(000)
Other income -			
Cancellation of contracts, note 13(b.2)	18,877	13,061	-
Sale to Subsidiary	7,233	-	-
Income for sale property, installations, furniture and equipment	3,631	1,091	16,681
Claims to insurance	3,167	2,131	803
Related income to Financiera Oh! agreement, note 26(d)	-	33,422	29,413
Contingencies recovered	-	1,679	2,567
Awards	-	-	3,480
Others	11,517	6,292	6,665
	44,425	57,676	59,609
Other expenses -			
Net cost of sale and disposal of property, installations, furniture and equipment and intangibles, note 13(a) and 15(a)	22,706	8,715	46,459
Net cost of disposal of lease liabilities	18,362	13,137	-
Expense from participation in joint venture	2,799	7,089	4,421
Related expense to Financiera Oh! agreement, note 26(d)	2,195	-	-
Other	2,520	1,220	1,257
	48,582	30,161	52,137

25. Finance income and cost

The table below presents the components of this caption:

	2020 S/(000)	2019 S/(000)	2018 S/(000)
Financial income -			
Interest on time deposits	4,971	10,288	10,432
Interest on related loans	141	2,890	383
Update on the fair value of obligations		-	4,788
Update on the fair value of derivative financial instruments	-	-	4,369
Gain of financial instruments at fair value through profit or loss	-	413	-
Other financial income	3,438	5,074	7,908
	8,550	18,665	27,880
Financial costs -			
Interest expense on lease liabilities, note 13(b.2)	112,764	109,996	-
Interest on senior notes issued, note 19(f)	103,445	99,726	75,747
Interest on financial obligations, note 18(e)	81,662	73,961	110,252
"Call Spread" straight-line accrued premium, note 12(b) and 12(c)	12,623	11,128	7,557
Structuring costs accrued, notes 19(e) and 19(f)	8,554	8,270	48,031
Expenses from the early settlement of call spread, note 12(c)	-	-	3,433
Interests for related-party loans	233	6,456	7,532
Premium for early settlement of senior notes, note 19(e)	-	-	52,806
Other financial costs	16,019	29,766	32,263
	335,300	339,303	337,621

26. Transactions with related parties

(a) The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year 2020, 2019 and 2018:

	2020 S/(000)	2019 S/(000)	2018 S/(000)
Income -			
Sale of goods	31,085	4,695	6,325
Rental income	21,261	29,112	25,054
Expenses refund (basic services)	11,842	11,166	-
Collection services	9,146	14,549	18,347
Rendering of services	4,075	1,542	10,222
Interest income	3,207	2,892	1,363
Sale of property, installations, furniture and equipment	2,087	-	14,257
Key money income	1,139	-	5,506
Revenues related to contract between Supermercados Peruanos S.A. and Financiera Oh! (d)	-	33,422	29,413
Other	15,128	8,375	1,361
Expenses -			
Common expenses	15,753	14,352	13,244
Reimbursements of expenses	9,770	8,021	930
Renting of premises and land	9,142	5,605	4,468
Minor services	8,482	7,409	40,183
Commissions	3,380	-	2,859
Expenses related to contract between Supermercados Peruanos S.A. and Financiera Oh! (d)	2,195	-	-
Interest	233	8,355	12,426
Other	20,267	9,756	19,169
Other transactions -			
Collections of loans	500	122,005	-
Loans granted to related parties	(1,860)	(117,250)	(3,314)
Fair value effect of investment properties distributed to associates	1,722	(2,626)	956

(b) As a result of the transactions with related parties, the Companies have the following balances of receivables and payables as of December 31, 2020, 2019 and 2018:

	2020 S/(000)	2019 S/(000)	2018 S/(000)
Receivables -			
Financiera Oh! S.A.	29,531	9,064	9,297
Homecenters Peruanos S.A.	3,072	2,701	10,842
Tiendas Peruanas S.A.	1,845	2,768	1,212
Home Centers Oriente S.A.C.	1,212	1,056	22
Real Plaza S.A.	141	343	286
Banco Internacional del Perú S.A.A.	-	3,996	941
IR Management S.R.L.	-	2,790	1,728
Intercorp Perú Ltd.	-	-	3,480
Intercorp Retail Inc.	-	-	3,416
Other	11,047	4,305	6,191
	46,848	27,023	37,415
Payables -			
Patrimonio en Fideicomiso-DS. N°093-2002-EF			
Interproperties Holding II (c)	50,150	53,158	50,282
Home Centers Peruanos S.A. (c)	40,228	42,786	32,647
Financiera Oh! S.A.	18,676	23,011	7,430
Banco Interbank -			
Guarantee deposits (e)	3,393	6,634	6,046
Line of credits and other	-	-	80
IR Management S.R.L.	1,832	3,568	2,223
Tiendas Peruanas S.A.	1,508	635	29
Real Plaza S.A.	1,045	1,213	903
Inmobiliaria Milenia S.A.	254	1,151	423
Interseguro Compañía de Seguros S.A.	49	395	-
Other	2,852	2,131	1,688
	119,987	134,682	101,751
For time -			
Current portion	29,439	45,858	14,654
Non-current portion	90,548	88,824	87,097
	119,987	134,682	101,751
Debts and loans bearing interest, Note 18(a)			
Banco Internacional del Perú S.A.A. – Interbank	436,561	423,920	368,936

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

The remuneration of key personnel for the years 2020, 2019 and 2018, was approximately S/45,590,000, S/39,848,000 and S/50,173,000, respectively.

(c) Supermercados Peruanos S.A. and its subsidiaries maintain joint venture contracts with Patrimonio en Fideicomiso – D.S. Nº093-2002-EF-Interproperties Holding II and Homecenters Peruanos S.A. (hereinafter "the associates"). The objective of these contracts is the construction, development and exploitation of the Strip center projects "La Curva", "Lurin" and "Tarapoto".

The movements in the provision of the joint venture for the years ended on December 31, 2020, 2019 and 2018, were as follows:

	La Curva S/(000)	**Lurin** S/(000)	**Tarapoto** S/(000)	**Total** S/(000)
Contract's term (*) -	30 years	60 years	30 years	
Balance as of January 1, 2018	42,986	20,161	-	63,147
Contributions (**)	6,448	53	12,094	18,595
Fair value (***)	(1,255)	299	-	(956)
Balance as of December 31, 2018	48,179	20,513	12,094	80,786
Contributions (**)	-	-	5,422	5,422
Fair value (***)	384	327	1,915	2,626
Exchange difference effect	-	-	(12)	(12)
Balance as of December 31, 2019	48,563	20,840	19,419	88,822
Fair value (***)	(532)	106	(1,296)	(1,722)
Exchange difference effect	-	-	55	55
Balance as of December 31, 2020	48,031	20,946	18,178	87,155

(*) Due to the term of the contract it is considered as a long-term liability.

(**) Corresponds to capital contributions granted to associates, for the culmination and construction of strip centers. The total amount agreed corresponds to the "Participation in Association contract". Construction of "Tarapoto" strip center was in 2019, year in which the store opened.

(***) Corresponds to the fair value percentage allocated to each Associate, based in the interest shareholder of the strip center, the total effect is shown in the "changes in fair value investment properties" caption of the combined comprehensive results statement.

The Strip center "La Curva" is managed by a Fiduciary trust – D.S. Nº093-2002-EF- Interproperties Holding and Strip Center "Lurin" and "Tarapoto", are managed by Homecenters Peruanos S.A., which distribute the results on a monthly basis (based in the EBIT) of each strip center, according to their interest shareholder to the other party of the Participation in association. During 2019, the income allocated to the Company and its subsidiaries for "La Curva", "Lurín", Tarapoto" were approximately S/4,397,000, S/1,122,000 and S/1,571,000, respectively. During 2019, the income allocated to the Company and its subsidiaries for "La Curva" and "Lurín" arise approximately S/689,000 and S/157,000, respectively. Tarapoto strip center, started operations during January of 2019.

(d) On April 27, 2015, Supermercados Peruanos S.A. and Financiera Oh! S.A. entered into a contract by which both companies and their Subsidiaries share the results of consumer loan placement of customers who acquire goods or services with the "Oh!" Credit Card in the stores of Supermercados Peruanos S.A. and its Subsidiaries. Such contract and their modifications were in force until March 31 of 2020. The distribution of the result was performed taking into consideration the share interest of each party in respect of contract contributions.

(e) It corresponds to the guarantee deposit that Supermercados Peruanos S.A. to receives for the rental of financial modules located in its stores to Banco Internacional del Perú S.A.A. - Interbank for US$2,000,000. As of December 31, 2020, 2019 and 2018, Supermercados Peruanos S.A. credited the updated present value of said balances under "Financial income" of the combined income statement. The net present values of the balances related to guarantee deposits amount to S/,3,393,000, S/6,634,000 and S/6,311,000 as of the dates indicated above, respectively.

(f) As of December, 31, 2020, 2019 and 2018, the Companies hold the following balances in the cash and cash equivalent and financial investments at fair value with changes in results caption:

	2020 S/(000)	2019 S/(000)	2018 S/(000)
Cash and cash equivalents -			
Banco Internacional del Perú S.A.A.– Interbank S.A.A.	314,555	355,248	288,451
Inteligo Bank Ltd.	491	436	499
Financial investments at fair value with changes in results -			
Interfondos S.A. S.A.F.	40,869	-	3,031

27. Deferred revenue

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

	2020 S/(000)	2019 S/(000)	2018 S/(000)
Other operating leases as lessor (b)	17,513	17,687	18,485
Deferred income for the loyalty program with clients (c)	11,162	8,149	19,116
Deferred income for loss of profit (d)	7,923	8,740	9,155
Other deferred revenue	2,221	1,880	1,200
	38,819	36,456	47,956
Current portion	13,678	2,129	22,047
Non-current portion	25,141	34,327	25,909
	38,819	36,456	47,956

(b) As of December 31, 2019 and 2018, mainly corresponds to the entrance fee received from the tenants of the Shopping Centers of InRetail Group, which are accrued based on contractual terms.

(c) Corresponds mainly to the loyalty program "Monedero del ahorro" that is granted by the Companies and its Subsidiaries to their clients, who accumulate points through their purchases in stores that can be exchanged for products offered by the Companies and its Subsidiaries. As of December 31, 2020, 2019 and 2018, Management estimates that the deferred income as of that date fairly reflects the future exchanges of their clients.

(d) During 2009, Supermercados Peruanos S.A. signed a lease contract with its related party Patrimonio en Fideicomiso - D.S. Nº 093-2002-EF Interproperties Perú (hereinafter "Interproperties"), of a building located in Arequipa for a 30 years term. On 2016, Supermercados Peruanos S.A. received from Interproperties the amount of S/15,300,000 as "loss of profit" for the assignment to a third party of a portion of the building leased to Supermercados Peruanos S.A. As of December, 31 of 2020, 2019 and 2018, the amount of the pending balance previously mentioned is approximately S/7,923,000, S/8,740,000 and S/9,155,000, respectively. During 2020 an amount of approximately S/817,000 was accrued (S/421,000 and S/423,000 during 2019 and 2018), which is shown net of the "Selling expenses" caption of the combined income statement.

28. Commitments and contingencies

(a) Commitments -

As of December 31, 2020, the Companies have granted guarantees to third parties for future purchases of goods for approximately S/63,094,000, US$6,785,000 and b$104,000 (approximately S/82,689,000 US$8,029,000 y b$646,000 as of December 31, 2019 and approximately S/96,072,000 and US$18,266,000 as of December 31, 2018).

In May 2018, InRetail Pharma S.A. 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.

(b) Contingencies –

(b.1) As of December 31, 2020, the Tax Authority has completed the audit of the income tax returns and the monthly statements of the general sales tax presented by Supermercados Peruanos S.A in taxable exercises from 2004 to 2013 and has requested information regarding 2014 and 2016. Those examinations resulted in Resolutions generating higher taxes, fines and interests for an approximate total of S/163 million to date (S/173 million and S/197 million as of December 2019 and 2018). The resolutions issued by the years 2004 to 2010 have been challenged and are pending before the Tax Court. In Management's opinion and its legal advisors, Supermercados Peruanos S.A. has sufficient grounds supporting its case.

(b.2) As of December 31, 2020, 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 Cifarma S.A.C. maintain various civil, labor and tax legal processes for a total amount of approximately S/75,983,000 (S/40,673,000 and S/28,052,000 as of December 2019 and 2018). The Tax Authority has requested to InRetail Pharma information regarding 2018. 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 December 31, 2020, 2019 and 2018.

(b.3) 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/17,698,000. 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 December 31, 2020, 2019 and 2018.

The Companies maintain labor demands that correspond mainly to compensation for arbitrary dismissals, non-payment of social benefits, reinstatement in the workplace, among others, which, in the opinion of Management and its legal advisors, must be resolved favorably to the Companies, so in the opinion of Management, it is not necessary to register additional liabilities for these concepts

As of December 31, 2020, 2019 and 2018, the Companies, in coordination with their legal advisors, maintain contingency provisions for S/110,876,000, S/80,918,000 and S/71,604,000, respectively, see note 17(a). It should be noted that, in 2020 and 2019, Supermercados Peruanos S.A. paid approximately S/33,032,000 and S/23,504,000 as a result of paragraph (b.1) above, which is presented under "Claims and unsettled advances" in the caption "Other accounts receivables, net" of the combined statements of financial position; however, said payment will be claimed from the Tax Authority. In Management's and its legal advisors' opinion, the matter will be solved. in a favorable manner for the Supermercados Peruanos S.A.

29. Business segments

For management purposes, the Companies are organized into business units based on their products and services and have three reportable segments i) Food Retail, ii) Pharmacies and ii) Manufacturing, Distribution and Marketing. 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 prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

29.1 Information about reportable segment -

The following table presents the financial information of InRetail Consumer and its Subsidiaries by business segments for 2020, 2019 and 2018:

		Pharma						
	Food Retail S/(000)	Pharmacies S/(000)	Manufacturing, distribution and marketing S/(000)	Adjustments and eliminations S/(000)	Total Pharma S/(000)	Total Segments S/(000)	Combined adjustments and eliminations S/(000)	Combined S/(000)
2020 -								
Revenue								
External income	6,905,308	5,296,634	1,862,411	-	7,159,045	14,064,353	-	14,064,353
Inter-segment	11,475	36,380	662,694	(666,636)	32,438	43,913	(43,913)	-
Total revenue	6,916,783	5,333,014	2,525,105	(666,636)	7,191,483	14,108,266	(43,913)	14,064,353
Cost of sales	(5,118,789)	(3,415,689)	(1,551,768)	-	(4,967,457)	(10,086,246)	-	(10,086,246)
Inter-segment	-	(28,525)	(658,303)	662,040	(24,788)	(24,788)	24,788	-
Gross profit	1,797,994	1,888,800	315,034	(4,596)	2,199,238	3,997,232	(19,125)	3,978,107
Gain on valuation at air value of investment property on investments	(15,458)	-	-	-	-	(15,458)	-	(15,458)
Fair value effect of investment properties distributed to associates	1,722	-	-	-	-	1,722	-	1,722
Selling expenses	(1,206,935)	(1,062,312)	(174,375)	(35,085)	(1,271,772)	(2,478,707)	15,112	(2,463,595)
Administrative expenses	(160,652)	(214,081)	(75,363)	1,861	(287,583)	(448,235)	(1,250)	(449,485)
Other operating expenses, net	(13,369)	9,817	(334)	-	9,483	(3,886)	(271)	(4,157)
Operating profit	403,302	622,224	64,962	(37,820)	649,366	1,052,668	(5,534)	1,047,134
Finance income	2,816	102,463	94,981	(187,813)	9,631	12,447	(3,897)	8,550
Finance expenses	(148,442)	(182,529)	(17,219)	9,279	(190,469)	(338,911)	3,611	(335,300)
Exchange difference, net	(75,695)	(43,857)	(652)	-	(44,509)	(120,204)	(360)	(120,564)
Profit before income tax	181,981	498,301	142,072	(216,354)	424,019	606,000	(6,180)	599,820
Income tax expense	(62,418)	(124,193)	(17,153)	(112)	(141,458)	(203,876)	45	(203,831)
Net profit	119,563	374,108	124,919	(216,466)	282,561	402,124	(6,135)	395,989
Attributable to:								
Supermercados Peruanos S.A. and InRetail Pharma S.A. Shareholders	119,563	374,108	124,919	(216,466)	282,561	402,124	(42,836)	359,288
Non-controlling interests	-	-	-	-	-	-	36,701	36,701
Net profit	119,563	374,108	124,919	(216,466)	282,561	402,124	(6,135)	395,989
Other information								
Operating assets (*)	6,732,146	5,037,335	1,475,836	(709,639)	5,803,532	12,535,678	1,442,722	13,978,400
Operating liabilities	5,435,726	4,086,394	994,155	(91,768)	4,988,781	10,424,507	611,781	11,036,288
Additions to non-current assets -								
Property, installations, furniture and equipment	137,801	67,556	10,890	-	78,446	216,247	-	216,247
Investment property	7,760	-	-	-	-	7,760	-	7,760
Intangible assets	16,106	21,001	2,205	-	23,206	39,312	-	39,312
Investment property valuation	(15,458)	-	-	-	-	(15,458)	-	(15,458)
Depreciation and amortization	163,435	108,867	16,637	-	125,504	288,939	-	288,939

(*) As of December 31, 2020, 2019 and 2018, the "Pharmacies" segment includes approximately S/373,054,000 and S/709,472,000 corresponding to the brand "Inkafarma" and the goodwill, respectively, as a result of the acquisition of the Eckerd Group.; see note 15(a).

	Food Retail S/(000)	Pharma: Pharmacies S/(000)	Pharma: Manufacturing, distribution and marketing S/(000)	Pharma: Adjustments and eliminations S/(000)	Pharma: Total Pharma S/(000)	Total Segments S/(000)	Combined adjustments and eliminations S/(000)	Combined S/(000)
2019 -								
Revenue								
External income	5,752,439	5,029,907	1,787,488	-	6,817,395	12,569,834	-	12,569,834
Inter-segment	9,982	4,154	677,354	(647,249)	34,259	44,241	(44,241)	-
Total revenue	5,762,421	5,034,061	2,464,842	(647,249)	6,851,654	12,614,075	(44,241)	12,569,834
Cost of sales	(4,246,827)	(3,232,237)	(1,464,066)	-	(4,696,303)	(8,943,130)	-	(8,943,130)
Inter-segment	-	(3,004)	(657,791)	634,548	(26,247)	(26,247)	26,247	-
Gross profit	1,515,594	1,798,820	342,985	(12,701)	2,129,104	3,644,698	(17,994)	3,626,704
Gain on valuation at air value of investment property on investments	7,117	-	-	-	-	7,117	-	7,117
Fair value effect of investment properties distributed to associates	(2,626)	-	-	-	-	(2,626)	-	(2,626)
Selling expenses	(1,113,595)	(1,072,734)	(200,139)	(6,524)	(1,279,397)	(2,392,992)	15,851	(2,377,141)
Administrative expenses	(141,867)	(170,528)	(70,211)	2,695	(238,044)	(379,911)	(599)	(380,510)
Other operating expenses, net	22,067	2,754	4,016	(1,332)	5,438	27,505	10	27,515
Operating profit	286,690	558,312	76,651	(17,862)	617,101	903,791	(2,732)	901,059
Finance income	2,487	125,489	52,710	(162,939)	15,260	17,747	918	18,665
Finance expenses	(142,121)	(199,578)	(20,700)	18,414	(201,864)	(343,985)	4,682	(339,303)
Exchange difference, net	13,243	9,423	(865)	(11)	8,547	21,790	(265)	21,525
Profit before income tax	160,299	493,646	107,796	(162,398)	439,044	599,343	2,603	601,946
Income tax expense	(59,633)	(140,347)	(19,515)	15,463	(144,399)	(204,032)	(168)	(204,200)
Net profit	100,666	353,299	88,281	(146,935)	294,645	395,311	2,435	397,746
Attributable to:								
Supermercados Peruanos S.A. and InRetail Pharma S.A. Shareholders	100,666	353,299	88,281	(146,935)	294,645	395,311	(35,830)	359,481
Non-controlling interests	-	-	-	-	-	-	38,265	38,265
Net profit	100,666	353,299	88,281	(146,935)	294,645	395,311	2,435	397,746
Other information								
Operating assets (*)	5,003,156	5,033,775	1,532,217	(954,194)	5,611,798	10,614,954	1,045,472	11,660,426
Operating liabilities	3,916,840	4,119,326	1,060,702	(344,730)	4,835,298	8,752,138	50,038	8,802,176
Additions to non-current assets -								
Property, installations, furniture and equipment	374,498	36,858	10,338	-	47,196	421,694	-	421,694
Investment property	37,193	-	-	-	-	37,193	-	37,193
Intangible assets	14,288	3,917	2,240	-	6,157	20,445	-	20,445
Investment property valuation	7,117	-	-	-	-	7,117	-	7,117
Depreciation and amortization	(154,221)	(95,252)	(16,477)	-	(111,729)	(265,950)	-	(265,950)

(*) As of December 31, 2020, 2019 and 2018, the "Pharmacies" segment includes approximately S/373,054,000 and S/709,472,000 corresponding to the brand "Inkafarma" and the goodwill, respectively, as a result of the acquisition of the Eckerd Group.; see note 15(a).

		Pharma						
	Food Retail S/(000)	Pharmacies S/(000)	Manufacturing, distribution and marketing S/(000)	Adjustments and eliminations S/(000)	Total Pharma S/(000)	Total Segments S/(000)	Combined adjustments and eliminations S/(000)	Combined S/(000)
2018 -								
Revenue								
External income	5,133,163	4,734,612	1,925,383	-	6,659,995	11,793,158	-	11,793,158
Inter-segment	11,476	8,542	668,227	(632,883)	43,886	55,362	(55,362)	-
Total revenue	5,144,639	4,743,154	2,593,610	(632,883)	6,703,881	11,848,520	(55,362)	11,793,158
Cost of sales	(3,793,624)	(3,130,104)	(1,564,778)	(23,136)	(4,718,018)	(8,511,642)	-	(8,511,642)
Inter-segment	-	(7,100)	(646,807)	602,808	(51,099)	(51,099)	51,099	-
Gross profit	1,351,015	1,605,950	382,025	(53,211)	1,934,764	3,285,779	(4,263)	3,281,516
Gain on valuation at air value of investment property on investments	2,706	-	-	-	-	2,706	-	2,706
Fair value effect of investment properties distributed to associates	956	-	-	-	-	956	-	956
Selling expenses	(1,017,239)	(1,044,651)	(214,720)	3,296	(1,256,075)	(2,273,314)	2,424	(2,270,890)
Administrative expenses	(136,045)	(175,606)	(83,060)	11,045	(247,621)	(383,666)	(2,019)	(385,685)
Other operating expenses, net	10,626	(9,643)	(27,824)	32,866	(4,601)	6,025	1,447	7,472
Operating profit	212,019	376,050	56,421	(6,004)	426,467	638,486	(2,411)	636,075
Finance income	3,704	44,730	4,062	(14,958)	33,834	37,538	(9,658)	27,880
Finance expenses	(77,750)	(178,729)	(21,210)	17,275	(182,664)	(260,414)	(77,207)	(337,621)
Exchange difference, net	(4,301)	(32,282)	(707)	13	(32,976)	(37,277)	1,668	(35,609)
Profit before income tax	133,672	209,769	38,566	(3,674)	244,661	378,333	(87,608)	290,725
Income tax expense	(54,721)	(73,889)	(27,430)	11,250	(90,069)	(144,790)	(117)	(144,907)
Net profit	78,951	135,880	11,136	7,576	154,592	233,543	(87,725)	145,818
Attributable to:								
Supermercados Peruanos S.A. and InRetail Pharma S.A. Shareholders	78,951	135,880	11,136	7,576	154,592	233,543	(104,280)	129,263
Non-controlling interests	-	-	-	-	-	-	16,555	16,555
Net profit	78,951	135,880	11,136	7,576	154,592	233,543	(87,725)	145,818
Other information								
Operating assets (*)	3,697,616	4,498,160	1,416,089	(860,194)	5,054,055	8,751,671	1,101,907	9,853,578
Operating liabilities	2,682,733	3,735,623	1,020,015	(300,648)	4,454,990	7,137,723	107,408	7,245,131
Additions to non-current assets -								
Property, furniture and equipment	456,648	30,546	6,932	-	37,478	494,126	1,447	495,573
Investment property	3,040	-	-	-	-	3,040	-	3,040
Intangible assets	17,244	23,620	4,038	-	27,658	44,902	-	44,902
Investment property valuation	2,706	-	-	-	-	2,706	-	2,706
Depreciation and amortization	(131,573)	(93,341)	(15,154)	-	(108,495)	(240,068)	-	(240,068)

(*) As of December 31, 2020, 2019 and 2018, the "Pharmacies" segment includes approximately S/373,054,000 and S/709,472,000 corresponding to the brand "Inkafarma" and the goodwill, respectively, as a result of the acquisition of the Eckerd Group.; see note 15(a).

29.2. Geographic information -

The geographic information analyses the Group's revenue and non-current assets by the Companies' country of domicile and other countries. In presenting the geographic information, segment revenue was based on the geographic location of customers and segment assets were based on the geographic location of the assets, as follows:

Revenue:

	2020 S/(000)	2019 S/(000)	2018 S/(000)
Peru	13,183,890	11,703,042	10,861,088
All foreign countries:			
Ecuador	730,913	704,298	764,929
Other	149,550	162,494	167,141
	14,064,353	12,569,834	11,793,158

Non-current assets (*):

	2020 S/(000)	2019 S/(000)	2018 S/(000)
Peru	7,132,181	6,354,124	4,652,863
All foreign countries:			
Ecuador	53,001	32,865	27,352
Other	3,831	7,125	4,154
	7,189,013	6,394,114	4,684,369

(*) Non-current assets exclude goodwill.

30. Objectives and policies of financial risk management

Due to the nature of the activities of the Companies' are exposed to credit risk, interest rate risk, liquidity risk, and foreign currency risk, which are managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Companies' continuing profitability, and each individual within the Companies is accountable for the risk exposures relating to his or her responsibilities. The independent risk control process does not include business risks such as changes in the environment, technology and industry. These are monitored through the Companies' strategic planning process.

(a) Risk management structure -

The Companies' Board of Directors is ultimately responsible for identifying and controlling risks; however, there are separate independent bodies in the Companies responsible for managing and monitoring risks, as further explained below:

(i) Board of Directors

The Companies' Board of Directors is responsible for the overall risk management approach and for the approval of the policies and strategies currently in place. The Board provides principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, liquidity risk and capital management.

(ii) Finance Management

Finance Management is responsible for managing daily the cash flows of the Companies, taking into account the policies, procedures and limits established by the Board of Directors and the Management of the Companies. Likewise, it manages the procurement of credit lines from financial entities, when it is necessary.

(b) Mitigation of risks -

As part of the risk management, the Companies' constantly assess the different scenarios and identify the different strategies to manage the expositions resulting from changes in interest rates, foreign currency risk, capital risk and credit risk.

30.1 Credit risk -

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Companies are exposed to credit risk from their operating activities (primarily for trade receivables) and from their financing activities, including deposits with banks, investments and derivative instruments.

This risk is managed by the Finance Managers in accordance with the Board's principles to minimize risk concentration and, consequently, mitigate financial losses from potential defaults of the counterpart. The maximum exposure to credit risk of the components of the combined financial statements as of December 31, 2019 and 2018, were from the captions "Cash and short-term deposits", "Accounts receivable", "Accounts receivable to related parties", "Financial Instruments at fair value through profit or loss and other comprehensive income" and "Derivative financial instruments - Call spread". The maximum exposure to credit risk of the components of

the combined financial statements as of December 31, 2019 and 2018, is their book value, net of the respective provisions for impairment.

(a) Credit risk associated with:

(a.1) Trade accounts receivable

Companies asses the risk concentration of the trade accounts receivable and other accounts receivable. In general, the Companies do not hold significant concentrations of accounts receivable with any entity in particular. The Companies assess the collectability risk of the accounts receivable in order to determine the respective provision.

In case of the trade accounts receivable for retail sales, which are mainly generated by sales with credit cards, the credit risk is minimal because they have a period from 2 to 7 days to become cash.

Accounts receivable from the manufacture and distribution of different pharmaceutical and mass-market products are periodically reviewed to ensure their recovery. Trade accounts receivable are collectible from clients with credit solvency and strength and large credit lines, which ensure the timely collection of receivables.

In case of leases receivable and merchandise coupons, payment contracts are maintained currently in force.

(a.2) Bank deposits, derivative financial instruments and financial instruments at fair value through profit or loss and financial instruments at fair value through comprehensive income-

The balances of cash and derivative financial instruments are held in top-level financial entities, including a related financial entity. Likewise, the Companies' financial instruments at fair value through profit or loss have fast settlements and are managed by renowned entities. In the case of financial instruments at fair value through other comprehensive income, as explained in note 12, corresponding to senior notes issued by a related entity.

30.2 Market risk -

It is the risk of suffering losses in the combined statements of financial positions due to fluctuations in market prices. These prices comprise three risk types: (i) exchange rate; (ii) interest rate; and (iii) commodity prices and others. The financial instruments of the Companies are affected by exchange rate risk and interest rate risk.

(i) Foreign currency risk -

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Finance Managers of the Companies are responsible for identifying, measuring, controlling and informing on the exposure to global exchange rate risk of the Companies. As of December 31, 2019 and 2018, InRetail Pharma S.A. maintains one "Call Spread" agreements for a total notional amount of US$400,0000,000, to reduce its foreign currency risk related to a part of Senior Notes issued. This derivative financial instrument has been qualified as effective hedging instrument; see note 12.

The following chart shows the sensitivity analysis on U.S. Dollars, Bolivianos and Peso Colombiano the only currencies different from the functional currency, reason why InRetail Group has a significant exposure in monetary assets and liabilities and estimated cash flows as of December 31, 2019 and 2018. The analysis determines the effect of a reasonable possible variation in the exchange rate of those currencies, considering other constant variables in the combined income statement before income tax. A negative amount in the chart reflects a net potential reduction in the combined statement, while a positive amount reflects a net potential increase.

Sensitivity analysis	Change in Exchange rates	Gain/(loss) before taxes		
	%	2020 S/(000)	2019 S/(000)	2018 S/(000)
Devaluation -				
US$ Dollars	5	120,782	46,944	10,397
US$ Dollars	10	241,564	93,888	20,794
Bolivianos	5	(1,164)	(359)	(301)
Bolivianos	10	(2,328)	(719)	(602)
Peso Colombiano	5	(127)	(71)	(59)
Peso Colombiano	10	(253)	(143)	(118)
Revaluation -				
US$ Dollars	5	(120,782)	(46,944)	(10,397)
US$ Dollars	10	(241,564)	(93,888)	(20,794)
Bolivianos	5	1,164	359	414
Bolivianos	10	2,328	719	827
Peso Colombiano	5	127	71	59
Peso Colombiano	10	253	143	118

(ii) Interest rate risk -
The policy of the Companies is to maintain financial instruments that carry fixed interest rates, which is why the operating cash flows of the Companies are substantially independent from the changes in market interest rates. In this sense, in Management's opinion, the Companies do not have a relevant exposition to interest rates risk.

(iii) Price risk -
The Companies exposure to this risk is given by changes in the prices of variable income financial instruments, classified in the combined statement of financial position as financial instruments at fair value through profit or loss.

As of December 31, 2020, 2019 and 2018, Management conducted sensitivity tests on the market prices of mutual funds. The effect on the combined statement of comprehensive income would be as follows:

Sensitivity analysis	Prices %	2020 S/(000)	2019 S/(000)	2018 S/(000)
Mutual funds	+/-10	9,216	1,407	492
Mutual funds	+/-20	18,514	2,799	1,200
Mutual funds	+/-30	27,812	4,191	1,906

Management believes that future fluctuations in the exchange rate, interest rate and prices of its capital securities will not significantly affect the future profit and loss of its operations.

30.3 Liquidity risk -
It is the risk that the Companies could not comply with their payment obligations related to financial liabilities at maturity. The consequence would be the default in the payment of their obligations to third parties.

Liquidity risk management implies maintaining sufficient cash and availability of funding through an adequate amount of committed credit sources and the ability to settle transactions, mainly debt. To that respect, Management of the Companies focuses its efforts to maintain funding sources through the availability of credit lines. Likewise, the Companies assess medium-term and long-term liquidity through a structural analysis of its funds inflows and outflows in different maturity terms. This process allows to know, for each currency, the various funding sources, how liquidity needs increase and which terms are mismatched.

The Companies have evaluated and implemented the necessary measures in order to mitigate in their operations and financial situation the effects caused COVID-19 in Peru and worldwide.

The table below summarizes the maturity profile of the Companies' financial liabilities based on contractual undiscounted payments:

	Up to 1 months S/(000)	1 to 3 months S/(000)	3 to 12 months S/(000)	More than 1 year S/(000)	Total S/(000)
As of December 31, 2020 -					
Trade accounts payables	2,772,443	338,762	137,656	-	3,248,861
Accounts payables to related parties	21,075	4,582	3,782	90,548	119,987
Other accounts payables	535,479	28,253	49,023	23,448	636,203
Current income tax payables, net	73,682	-	-	-	73,682
Lease liabilities -					
Principal amortization	20,054	39,390	170,282	1,417,144	1,646,870
Interests amortization	9,406	14,450	85,726	905,487	1,015,069
Senior notes and financial obligations on long term -					
Principal amortization	85,138	43,246	1,544,233	3,147,970	4,820,587
Interests amortization	13,683	39,180	152,291	333,859	539,013
	3,530,960	507,863	2,142,993	5,918,456	12,100,272
As of December 31, 2019 -					
Trade accounts payables	454,707	2,235,363	209,896	-	2,899,966
Accounts payables to related parties	-	45,858	-	88,824	134,682
Other accounts payables	178,171	180,238	30,943	21,289	410,641
Current income tax payables, net	-	21,301	-	-	21,301
Lease liabilities -					
Principal amortization	25,402	64,864	179,391	1,262,835	1,532,492
Interests amortization	4,091	25,255	74,799	702,829	806,974
Senior notes and financial obligations on long term -					
Principal amortization	38,533	230,880	84,596	2,980,847	3,334,856
Interests amortization	9,882	74,572	211,672	553,421	849,547
	710,786	2,878,331	791,297	5,610,045	9,990,459
As of December 31, 2018 -					
Trade accounts payables	1,625,212	1,210,671	67,814	10,733	2,914,430
Accounts payables to related parties	11,312	3,313	29	87,097	101,751
Other accounts payables	344,792	43,656	20,837	21,854	431,139
Current income tax payables, net	-	8,892	1,773	-	10,665
Senior notes and financial obligations on long term -					
Principal amortization	68,530	84,413	258,775	2,862,380	3,274,098
Interests amortization	21,355	31,080	101,889	525,218	679,542
	2,071,201	1,382,025	451,117	3,507,282	7,411,625

30.4 Changes in liabilities arising from financing activities:

The table below presents the changes in liabilities arising from financing activities

	Balance at beginning of year S/(000)	Adoption of IFRS 16 S/(000)	Acquisition of Subsidiary S/(000)	Dividends declared S/(000)	Accrued interests S/(000)	Call Spread Financing S/(000)	New leasing S/(000)	Contributions S/(000)	Other S/(000)	Exchange difference S/(000)	Cash flows S/(000)	Balance at end of year S/(000)
As of December 31, 2020 -												
Financial obligations	3,334,856	-	59,775	-	-	-	-	-	(40,119)	189,875	1,276,200	4,820,587
Dividends paid	-	-		277,176	-	-	-	-	-	-	(277,176)	-
Lease liabilities	1,532,492	-	26,404	-	112,764	-	298,978	-	(24,032)	92,580	(392,316)	1,646,870
Interests for financial obligations	23,824	-	124	-	185,107	-	-	-	-	-	(183,182)	25,873
Liabilities to financing activities	4,891,172	-	86,303	277,176	297,871	-	298,978	-	-64,151	282,455	423,526	6,493,330
As of December 31, 2019 -												
Financial obligations	3,274,098	-	-	-	-	-	4,064	-	(9,799)	(7,658)	74,151	3,334,856
Dividends paid	-	-	-	168,707	-	-	-	-	-	-	(168,707)	-
Lease liabilities	-	1,651,441	-	-	109,996	-	239,081	-	(78,809)	(19,093)	(370,124)	1,532,492
Interests for financial obligations	23,542	-	-	-	184,460	-	-	-	-	3,369	(187,547)	23,824
Liabilities to financing activities	3,297,640	1,651,441	-	168,707	294,456	-	243,145	-	(88,608)	(23,382)	(652,227)	4,891,172
As of December 31, 2018 -												
Financial obligations	853,425	-	1,212,360	-	36,240	70,353	21,677	-	48,612	94,794	936,637	3,274,098
Dividends paid	-	-	-	21,658	-	-	-	-	-	-	(21,658)	-
Cash contribution of non-controlling interest and InRetail Perú	-	-	-	-	-	-	-	(884,001)	-	-	884,001	-
Interests for financial obligations	2,693	-	2,402	-	191,864	-	-	-	-	(4,521)	(168,896)	23,542
Liabilities to financing activities	856,118	-	1,214,762	21,658	228,104	70,353	21,677	(884,001)	48,612	90,273	1,630,084	3,297,640

30.5 **Capital management risk -**

The objectives of the Companies when managing capital are to ensure they have a strong credit qualification and to maintain sound capital ratios to support the business and maximize the value for shareholders.

The Companies manage their capital structure and make pertinent adjustments depending on changes in economic conditions. In order to maintain and adjust their capital structure, the Companies might modify the payments of dividends to shareholders, reimburse them capital stock or issue new shares. During 2020, 2019 and 2018 there were no modifications in the objectives, policies or processes related to capital management.

The Companies control the capital using a debt ratio, defined as the quotient between the net debt and equity plus net debt. The Companies have the policy of maintaining the debt ratio between 70 and 80 percent. The Companies include in the net debt the interest-bearing loans and borrowings, trade accounts payable, accounts payable to related parties, other payables, income tax liabilities and senior notes issued, less cash and short-term deposits.

	2020 S/(000)	2019 S/(000)	2018 S/(000)
Interest-bearing loans and borrowings (note 18)	2,999,674	1,640,443	1,559,808
Trade accounts payable, accounts payable to related parties, other accounts payable and income tax liability (notes 16, 26(b), 17 and 20(d))	4,078,733	3,466,590	3,468,718
Lease liabilities, note 13(b.2)	1,646,870	1,532,492	-
Senior note issued, note 19	1,820,913	1,694,413	1,714,289
Less: Cash and short-term deposits (note 5)	(907,048)	(701,730)	(614,572)
Net debt (a)	9,639,142	7,632,208	6,128,243
Equity	2,942,169	2,858,250	2,608,447
Capital stock and net debt (b)	12,581,311	10,490,458	8,736,690
Leverage ratio (a/b)	77%	73%	70%

31. Fair value

The methodologies and assumptions used by the Companies to determine the estimated market values, depend on the stipulations and characteristics of the risks of the financial instruments, and include the following:

(a) Financial instruments which fair value is similar to book value:
For the assets and liabilities that are liquid or have short-term maturity (less than three months), it is considered that the carrying value is similar to their fair value. This assumption is applicable too for the time deposits and savings accounts with no specific maturity. These instruments are classified in the Level 1 of the hierarchy of fair value.

(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. These instruments are classified in the Level 2 of the hierarchy of fair value.

(c) Financial instruments at fair value through other comprehensive income and financial instruments at fair value through profit or loss -
The fair value of financial instruments at fair value through other comprehensive income or through profit or loss is based on the quoted prices of active markets, if available; in the case they are not available, the fair value is estimated using the discounted cash flow method. These instruments are classified in the Level 2 of the hierarchy of fair value.

(d) Derivative financial instruments, interest-bearing loans and borrowings, lease liabilities and senior notes issued -
These fair values were determined by level 3 of the hierarchy, their fair values were determined by comparing the market interest rates at the time of initial recognition with the current market rates related to similar financial instruments. The comparison between the book values and the fair values of these financial instruments, is presented below:

	2020		2019		2018	
	Book value S/(000)	Fair value S/(000)	Book value S/(000)	Fair value S/(000)	Book value S/(000)	Fair value S/(000)
Derivative financial instrument – "Call Spread"	112,273	112,273	63,508	63,508	86,694	86,694
Interest-bearing loans and borrowings	2,999,674	3,092,853	1,640,443	1,914,191	1,559,489	1,680,606
Lease liabilities	1,646,870	1,262,835	1,532,492	1,532,492	-	-
Senior notes issued	1,820,913	1,879,891	1,694,413	1,743,261	1,714,289	1,716,221

Based on the criteria described above, Management estimates that there are no significant differences between the book value and the fair value of the financial instruments of the Companies as of December 31, 2020, 2019 and 2018.

32. Subsequent events

On January 22, 2021 InRetail Pharma S.A. sold its participation in Química Suiza Colombia S.A.S. for approximately US$1,958,000 (equivalent to S/7,092,000), to a non-related entity.

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, see note 2(b).

From December 31, 2020 to the date of this report, no events have occurred that affect the combined financial statements.

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COLEGIO DE CONTADORES PUBLICOS DE LIMA

Constancia de Habilitación

El Decano y el Director Secretario del Colegio de Contadores Públicos de Lima, que suscriben, declaran que, en base a los registros de la institución, se ha verificado que:

PAREDES, BURGA & ASOCIADOS S. CIVIL DE R.L.
REGISTRO DE SOCIEDAD: SO761

Se encuentra **HABIL**, para el ejercicio de las funciones profesionales que le faculta la Ley N.º 13253 y su modificación Ley N.º 28951 y conforme al Estatuto y Reglamento Interno de esté Colegio; en fe de lo cual y a solicitud de parte, se le extiende la presente constancia para los efectos y usos que estime conveniente. Esta constancia tiene vigencia hasta el 31 de MARZO del 2021.

Lima 07 de Mayo de 2020.

CPC. GUILLERMINA ZAVALA PAUCAR
DECANA

CPC. GLADYS MILAGROS BAZAN ESPINOZA
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