

**InRetail Perú Corp. and Subsidiaries**

Interim consolidated financial statements as of September 30, 2021 (unaudited) and December 31, 2020 (audited) and for the nine-month period ended September 30, 2021 and 2020

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## InRetail Perú Corp. and Subsidiaries

### Interim consolidated statements of financial position

As of September 30, 2021 (unaudited) and December 31, 2020 (audited)

	Note	2021	2020		Note	2021	2020
		S/(000)	S/(000)			S/(000)	S/(000)
<b>Assets</b>				<b>Liabilities and equity</b>			
<b>Current assets</b>				<b>Current liabilities</b>			
Cash and cash equivalents	4	963,312	936,315	Trade payables	11	3,751,764	3,317,632
Investments at fair value through profit or loss		2,002	242,395	Other payables		604,127	671,161
Financial instruments at amortized cost		-	24,624	Accounts payable to related parties	19(b)	208,176	24,830
Trade receivables, net	5	654,767	624,316	Current income tax	14(b)	7,344	73,684
Other account receivables		122,149	128,966	Interest-bearing loans and borrowings	13	542,450	1,773,620
Accounts receivables from related parties	19(b)	89,724	78,494	Deferred revenue		23,089	20,263
Inventories, net	6	2,622,158	2,158,521	Lease liability	12(c)	267,384	226,749
Prepayments		37,345	13,170	<b>Total current liabilities</b>		<b>5,404,334</b>	<b>6,107,939</b>
Taxes recoverable		249,390	130,775				
<b>Total current assets</b>		<b>4,740,847</b>	<b>4,337,576</b>	<b>Non-current liabilities</b>			
				Trade payables	11	2,849	5,495
<b>Non-current assets</b>				Accounts payable to related parties	19(b)	41,773	42,517
Other receivables, net		86,535	62,481	Other payables		1,327	2,317
Accounts receivables from related parties	19(b)	26,208	26,564	Interest-bearing loans and borrowings	13	7,315,976	5,242,887
Taxes recoverable		21,430	25,033	Income tax related to Special Purpose Entities	14(b)	316,841	326,683
Derivative financial instruments	7	419,003	212,447	Deferred revenue		34,196	32,278
Property, furniture and equipment, net	8	4,404,222	4,266,541	Deferred income tax liabilities, net	14(a)	448,288	475,879
Investment properties	9	3,994,476	3,899,509	Reserves for employee retirement pension funds		25,821	21,131
Right-of-use assets, net	12(b)	1,336,102	1,393,726	Lease liability	12(c)	1,336,835	1,287,786
Intangible assets, net	10	1,277,112	1,204,998	<b>Total non-current liabilities</b>		<b>9,523,906</b>	<b>7,436,973</b>
Goodwill	10	2,610,684	2,722,074	<b>Total liabilities</b>		<b>14,928,240</b>	<b>13,544,912</b>
Deferred income tax assets, net	14(a)	177,944	100,033	<b>Equity</b>			
Other assets		7,474	7,949	Capital stock	15(a)	2,138,566	2,138,566
<b>Total non-current assets</b>		<b>14,361,190</b>	<b>13,921,355</b>	Treasury shares	15(c)	(57,636)	(57,636)
				Capital premium	15(b)	472,967	472,967
<b>Total assets</b>		<b>19,102,037</b>	<b>18,258,931</b>	Unrealized results on derivative financial instruments		(184,991)	(130,233)
				Unrealized results from foreign currency translation		6,338	1,840
				Unrealized results from actuarial reserve for retirement		927	927
				Retained earnings		1,732,120	2,183,482
				<b>Equity attributable to owners of the parent</b>		<b>4,108,291</b>	<b>4,609,913</b>
				Non-controlling interest		65,506	104,106
				<b>Total equity</b>		<b>4,173,797</b>	<b>4,714,019</b>
				<b>Total liabilities and equity</b>		<b>19,102,037</b>	<b>18,258,931</b>

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

## InRetail Perú Corp. and Subsidiaries

### Interim consolidated Income statements

For the nine-month period ended September 30, 2021 and 2020

	Note	2021 S/(000)	2020 S/(000)	Third quarter	
				2021 S/(000)	2020 S/(000)
<b>Revenue from ordinary activities</b>					
Net sales of goods		12,471,723	9,994,428	4,269,719	3,536,608
Rental income		333,369	232,762	123,020	82,916
Rendering of services		288,266	248,080	107,989	81,687
<b>Revenue</b>		<b>13,093,358</b>	<b>10,475,270</b>	<b>4,500,728</b>	<b>3,701,211</b>
Cost of sales	17(a)	(9,467,701)	(7,477,390)	(3,231,658)	(2,632,422)
<b>Gross profit</b>		<b>3,625,657</b>	<b>2,997,880</b>	<b>1,269,070</b>	<b>1,068,789</b>
Loss from joint venture	19(a)	-	(2,195)	-	-
Gain (loss) on valuation at fair value of investment properties	9(b)	38,170	(30,509)	19,258	1,493
Selling expenses	17(a)	(2,141,859)	(1,807,148)	(722,219)	(612,112)
Administrative expenses	17(a)	(423,886)	(350,556)	(137,354)	(125,080)
Other operating (expenses) income, net		(2,481)	2,046	1,276	(3,149)
<b>Operating profit</b>		<b>1,095,601</b>	<b>809,518</b>	<b>430,031</b>	<b>329,941</b>
Financial income		10,926	7,819	3,718	1,336
Financial expenses	18(a)	(594,420)	(342,300)	(194,811)	(116,682)
Exchange difference, net		(290,421)	(101,885)	(131,111)	(24,447)
<b>Profit before income tax</b>		<b>221,686</b>	<b>373,152</b>	<b>107,827</b>	<b>190,148</b>
Income tax expense	14(a)	(114,896)	(147,767)	(46,255)	(68,524)
<b>Net profit</b>		<b>106,790</b>	<b>225,385</b>	<b>61,572</b>	<b>121,624</b>
<b>Attributable to:</b>					
InRetail Perú Corp. shareholders		88,372	200,085	50,814	110,711
Non-controlling interest		18,418	25,300	10,758	10,913
<b>Net profit</b>		<b>106,790</b>	<b>225,385</b>	<b>61,572</b>	<b>121,624</b>
<b>Earnings per share:</b>					
Basic and diluted profit for the period attributable to ordinary equity holders of the parent	20	1.039	2.192	0.599	1.183

All items above are related to continuing operations.

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

## InRetail Perú Corp. and Subsidiaries

### Interim consolidated statements of comprehensive income

For the nine-month period ended September 30, 2021 and 2020

	2021 S/(000)	2020 S/(000)	Third quarter	
			2021 S/(000)	2020 S/(000)
<b>Profit for the period</b>	106,790	225,385	61,572	121,624
<b>Other comprehensive income</b>				
Unrealized loss on hedging derivative financial instrument	(97,664)	(121,178)	(48,439)	(31,853)
Transfer of realized loss on hedging derivative financial instrument	-	-	-	-
Income tax related to Special Purpose Entities	-	(9,291)	3,324	(471)
Income tax	39,778	16,849	34,628	4,249
<b>Total other comprehensive income on hedging derivative financial instruments</b>	<b>(57,886)</b>	<b>(113,620)</b>	<b>(10,487)</b>	<b>(28,075)</b>
Unrealized results from foreign currency translation	5,000	1,655	2,940	307
<b>Total other comprehensive income from foreign currency translation</b>	<b>5,000</b>	<b>1,655</b>	<b>2,940</b>	<b>307</b>
<b>Other comprehensive income for the period, net of income tax effects</b>	<b>(52,886)</b>	<b>(111,965)</b>	<b>(7,547)</b>	<b>(27,768)</b>
<b>Total comprehensive income for the period</b>	<b>53,904</b>	<b>113,420</b>	<b>54,025</b>	<b>93,856</b>
<b>Attributable to:</b>				
InRetail Perú Corp. shareholders	37,965	93,132	48,197	84,222
Non-controlling interest	15,939	20,288	5,828	9,634
<b>Total comprehensive income for the period</b>	<b>53,904</b>	<b>113,420</b>	<b>54,025</b>	<b>93,856</b>

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

## InRetail Perú Corp. and Subsidiaries

### Interim consolidated statements of change in equity

For the nine-month period ended September 30, 2021 and 2020

	Capital stock	Treasury shares	Capital premium	Unrealized results from derivative financial instruments	Unrealized results from investment at fair value through equity	Unrealized results from foreign currency translation	Unrealized results from actuarial reserve for retirement	Retained earnings	Total	Non-controlling interest	Total equity
	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)
<b>Balance as of January 1, 2020</b>	<b>2,138,566</b>	<b>(57,636)</b>	<b>472,967</b>	<b>(13,076)</b>	-	<b>(208)</b>	<b>415</b>	<b>2,076,035</b>	<b>4,617,063</b>	<b>99,852</b>	<b>4,716,915</b>
Profit for the period	-	-	-	-	-	-	-	200,085	200,085	25,300	225,385
Other comprehensive income	-	-	-	(108,393)	-	1,440	-	-	(106,953)	(5,012)	(111,965)
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(108,393)</b>	<b>-</b>	<b>1,440</b>	<b>-</b>	<b>200,085</b>	<b>93,132</b>	<b>20,288</b>	<b>113,420</b>
Dividends	-	-	-	-	-	-	-	(197,896)	(197,896)	(21,995)	(219,891)
Dividends treasury shares	-	-	-	-	-	-	-	3,369	3,369	-	3,369
<b>Balance as of September 30, 2020</b>	<b>2,138,566</b>	<b>(57,636)</b>	<b>472,967</b>	<b>(121,469)</b>	-	<b>1,232</b>	<b>415</b>	<b>2,081,593</b>	<b>4,515,668</b>	<b>98,145</b>	<b>4,613,813</b>
<b>Balance as of January 1, 2021</b>	<b>2,138,566</b>	<b>(57,636)</b>	<b>472,967</b>	<b>(130,233)</b>	-	<b>1,840</b>	<b>927</b>	<b>2,183,482</b>	<b>4,609,913</b>	<b>104,106</b>	<b>4,714,019</b>
Profit for the period	-	-	-	-	-	-	-	88,372	88,372	18,418	106,790
Other comprehensive income	-	-	-	(54,758)	-	4,351	-	-	(50,407)	(2,479)	(52,886)
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(54,758)</b>	<b>-</b>	<b>4,351</b>	<b>-</b>	<b>88,372</b>	<b>37,965</b>	<b>15,939</b>	<b>53,904</b>
Dividends	-	-	-	-	-	-	-	(548,940)	(548,940)	(54,529)	(603,469)
Dividends treasury shares	-	-	-	-	-	-	-	9,343	9,343	-	9,343
Other	-	-	-	-	-	147	-	(137)	10	(10)	-
<b>Balance as of September 30, 2021</b>	<b>2,138,566</b>	<b>(57,636)</b>	<b>472,967</b>	<b>(184,991)</b>	-	<b>6,338</b>	<b>927</b>	<b>1,732,120</b>	<b>4,108,291</b>	<b>65,506</b>	<b>4,173,797</b>

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

## InRetail Perú Corp. and Subsidiaries

### Interim consolidated statements of cash flows

For the nine-month period ended September 30, 2021 and 2020

	2021	2020
	S/(000)	S/(000)
<b>Operating activities</b>		
Revenue	12,999,713	10,383,891
Recovery of taxes	12,836	28,970
Payments of goods and services to suppliers	(10,541,682)	(8,311,670)
Payments of salaries and social benefits to employees	(1,051,711)	(937,809)
Taxes paid	(464,157)	(295,572)
Other payments, net	(4,401)	(34,265)
<b>Net cash flows from operating activities</b>	<b>950,598</b>	<b>833,545</b>
<b>Investing activities</b>		
Sale of property, furniture and equipment	1,270	1,067
Loans collected from related parties	48,765	-
Sale of investments at fair value through profit or loss	468,510	437,251
Sale of subsidiary, net of cash delivered	36,792	-
Purchase of investments at fair value through profit or loss	(202,981)	(658,548)
Purchase of investment properties, net of acquisitions through leasing contracts	(59,393)	(64,246)
Purchase of property, furniture and equipment, net of acquisitions through leasing contracts	(326,250)	(122,404)
Value added tax payment related to investment properties	(10,565)	(10,283)
Loans granted to related parties	(45,096)	-
Purchase and development of intangible assets	(40,539)	(26,775)
<b>Net cash flows used in investing activities</b>	<b>(129,487)</b>	<b>(443,938)</b>
<b>Financing activities</b>		
Proceeds from interest-bearing loans and borrowings, net of up-front fees	1,069,199	1,495,752
Proceeds from bond issuances, net of up-front fees	2,750,085	-
Proceeds from early settlement of hedging instrument	21,385	-
Payment of bond issuance	(1,478,000)	-
Payment of interest-bearing loans and borrowings	(2,058,434)	(1,391,639)
Payment of dividends	(258,032)	(216,522)
Payment of dividends to non-controlling interest	(49,654)	-
Interest paid	(295,516)	(227,934)
Payment of premium for repurchase of bonds issued	(47,530)	-
Purchase of treasury bonds	(124,345)	-
Interest payment of lease liability	(80,404)	(69,516)
Payment of lease liability	(238,868)	(204,554)
Rent payments and key money paid in advance	(4,000)	-
<b>Net cash flows used in financing activities</b>	<b>(794,114)</b>	<b>(614,413)</b>
Net increase (decrease) of cash and short-term deposits	26,997	(224,806)
Cash and short-term deposits at the beginning of the period	936,315	740,166
<b>Cash and short-term deposits at the end of the period</b>	<b>963,312</b>	<b>515,360</b>
<b>Non-cash transactions</b>		
Fixed assets purchased through leasing and other financial and non financial obligations	22,291	18,553
Investment properties purchased through leasing and other financial obligations	-	19,468
Intangibles from the acquisition of a subsidiary	158,000	-
Addition of the period of right-of-use asset	212,572	128,738

The accompanying notes are an integral part of these consolidated statements

## Notes to the interim consolidated financial statements (continued)

### InRetail Perú Corp. and Subsidiaries

#### Notes to the interim consolidated financial statements

As of September 30, 2021 and December 31, 2020 and for the nine-month period ended September 30, 2021 and 2020

#### 1. Business activity, acquisitions and disposal Subsidiaries and pandemic

##### a) Business activity

InRetail Perú Corp, (hereinafter "the Company"), is a holding incorporated in January 2011 in the Republic of Panama and is a subsidiary of Intercorp Retail Inc., which in turn is a subsidiary of Intercorp Perú Ltd. (a holding company incorporated in Bahamas, hereinafter "Intercorp Perú" matrix of "Intercorp Group") which is the ultimate parent and holds 100.00 percent of Intercorp Retail Inc.'s capital stock.

As of September 30, 2021 the percentages of ownership are:

Owner	Ownership %
Intercorp Retail Inc.	58.04
Intelige Bank	8.84
Intercorp Perú Ltd.	3.26
Intercorp Financial Services	2.33
Others	27.53
<b>Total</b>	<b>100.00</b>

The Company's legal address is 50 Street and 74 Street, floor 16, PH Building, San Francisco, Republic of Panama; however, its management and administrative offices are located at Calle Morelli N° 181, San Borja, Lima, Peru.

On August 21, 2014, the Company, as initial originator, established a trust fund (Special Purpose Entity) denominated "Patrimonio en Fideicomiso D.S. N°093-2002-EF-InRetail Consumer (hereinafter "InRetail Consumer"), in order to implement various investment projects and issuance of debt instruments that were executed, approved and supported by the Company and its Subsidiaries.

On September 15, 2014, the Board of InRetail Perú Corp. agreed to transfer in trust to return all shares of Supermercados Peruanos S.A. and InRetail Pharma S.A. to InRetail Consumer.

The accompanying interim consolidated financial statements as of September 30, 2021 and December 31, 2020 and for the nine-month period ended September 30, 2021 and 2020, have been prepared to comply with the legal requirements on the presentation of financial information in force in Peru for shareholders and for the Superintendencia del Mercados de Valores and were approved by the Board of Directors on November 15, 2021.



## Notes to the interim consolidated financial statements (continued)

### b) Acquisitions and disposal of subsidiaries

#### i. Acquisition of Makro Supermayorista S.A.

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

The price of the transaction was US\$359,619,000 (equivalent to approximately S/1,300,743,000), which was paid in full with the proceeds from the Bridge Facility. The Bridge Facility was for an amount of US\$375,000,000 (equivalent to approximately S/1,356,000,000), was arranged with J.P. Morgan Chase Bank, N.A. and contains covenants, including restrictions on incurrence of debt and maintenance of certain financial ratios, among others (see note 13(b) and 13(l)).

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 entity S/(000)
<b>Assets</b>	
Cash and short-term deposits	88,144
Trade accounts receivables, net	1,807
Other accounts receivables	48,541
Inventories, net	121,409
Property, installations, furniture and equipment, net	692,592
Right-of-use-assets, net	23,884
Intangibles, net	220,027
Other assets	1,719
<b>Liabilities</b>	
Trade accounts payables	(252,077)
Other accounts payables	(54,292)
Lease liabilities	(26,404)
Interest-bearing loans and borrowings	(59,755)
Deferred income tax liabilities, net	(133,430)
<b>Total net assets identified at fair value</b>	<b>672,165</b>
Goodwill generated in the acquisition, Note 10 (d)	628,578
<b>Purchase price transferred</b>	<b>1,300,743</b>

The recorded goodwill amounting to S/628,578,000 represents the future synergies that are expected to arise from the combination of operations, distribution channels, workforce and other efficiencies not included in the intangible assets of the present value of the current business.

## Notes to the interim consolidated financial statements (continued)

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

### ii. Disposal of subsidiaries

On January 22 and February 16, 2021, InRetail Pharma Group transferred 100 percent of its participation in Química Suiza Colombia S.A.S. and Cifarma S.A.C. for approximately US\$1,958,000 (equivalent to S/7,093,000) and US\$9,399,000 (equivalent to S/34,298,000), to non-related entities.

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

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

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

### c) Pandemic

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

In order to reduce the impact on the Peruvian economy, the Peruvian Government granted a subsidy of 35 percent of monthly salaries up to S/1,500 and, only for labor contracts that do not set a term or end after March 15, 2020. The subsidy was paid to the Company's Subsidiaries in April for an amount of approximately S/6,294,000.

## Notes to the interim consolidated financial statements (continued)

The Company and its Subsidiaries mainly operate in the supermarkets, pharmacies and shopping centers businesses; the Company's Management and its subsidiaries consider that the pandemic will only have a significant impact in the shopping centers segment of the consolidated financial statements.

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

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

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

On April 14, 2021, the government of Peru announced that, due to an increase in infections, several regions of the country would return to the level of extreme risk, where the allowed capacity in shopping centers was defined at 20 percent. This measure started April 19, ending May 5, 2021.

Since July 12, 2021, restrictions on Sundays were lifted, capacity in Malls was increased to 50%, and opening hours were increased until 10 pm. Since September 6, 2021, most regions have been classified in the lowest risk level.

In the opinion of the Company's Management and its Subsidiaries, the Company has sufficient liquidity and debt capacity to meet its obligations; as well as to continue operations.

## Notes to the interim consolidated financial statements (continued)

### 2. Subsidiaries economic activities

Following is the description of the activities of the main Subsidiaries of the Company:

(a) InRetail Consumer (a SPE controlled by the Company), was incorporated during the year 2014 only for the purpose of issuing debt in the local market and abroad. As of September 30, 2021 and December 31, 2020 the representative shares of stock of Supermercados Peruanos S.A. and Subsidiaries, InRetail Pharma S.A. and Subsidiaries, and InRetail Foods S.A.C. are maintained in trust in this entity. A description of such subsidiaries is presented below:

(i) InRetail Pharma S.A. is dedicated to the commercialization of pharmaceutical, cosmetic, and food for medical use products and other elements related to health protection and recovery through its "Inkafarma" and "Mifarma" pharmacy chains. It is also dedicated, to the Manufacturing, Distribution and Marketing of pharmaceutical products. As of September 30, 2021, the Company operates in Peru, Ecuador and Bolivia (As of December 31, 2020, Peru, Colombia, Ecuador and Bolivia). InRetail Pharma S.A. holds 100 percent of: (i) Droguería InRetail Pharma S.A.C., (ii) Farmacias Peruanas S.A.C., (iii) Mifarma S.A.C., Química Suiza S.A.C. and (v) Quicorp S.A. See Note 1 b). The legal address of the Company, where the administrative offices are located, is Defensores del Morro Av. N° 1277, Chorrillos, Lima, Peru.

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

(ii) Supermercados Peruanos S.A., is dedicated to retail. As of September 30, 2021 and December 31, 2020, operates under the "Plaza Veá", "Plaza Veá Super", "Plaza Veá Express", "Vivanda", "Mass" and "Makro" ( as of December 31, 2020, "Plaza Veá", "Plaza Veá Super", "Plaza Veá Express", "Vivanda", "Mass", "Economax" and "Makro") brands, which are located in Lima and provinces, such as Trujillo, Chimbote, Piura, Cusco, Arequipa, Huancayo, Pucallpa and others. Supermercados Peruanos S.A. holds 100 percent of: (i) Desarrolladora de Strip Centers S.A.C., (ii) Plaza Veá Sur S.A.C., (iii) Plaza Veá Oriente S.A.C. and (iv) Makro Supermayorista S.A. See note 1 b). The legal address of the Company, where the administrative offices are located, is Morelli street N° 181, San Borja, Lima, Peru.

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

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

## Notes to the interim consolidated financial statements (continued)

- (b) InRetail Real Estate Corp. is a Holding company incorporated in the Republic of Panama in April 2012. In July 2014, InRetail Shopping Malls (a SPE controlled by InRetail Real Estate Corp.) was incorporated only for the purpose of issuing “Senior Notes Unsecured”. As of September 30, 2021 and December 31, 2020, the representative share of capital stock of InRetail Real Estate Corp.’s subsidiaries are maintained in trust in this entity, which are detailed below:

- (i) Real Plaza S.R.L.

Entity dedicated to the management and administration of shopping centers (21 as of September 30, 2021 and 21 as of December 31, 2020) named “Centro Comercial Real Plaza” and located in the cities of Chiclayo, Piura, Chimbote, Trujillo, Huancayo, Arequipa, Juliaca, Huanuco, Cusco, Cajamarca, Sullana, Pucallpa and Lima. As of September 30, 2021 and December 31, 2020, the Company holds 100 percent of Centro Comercial Estación Central S.A. and Inversiones Real Estate S.A. The legal address of the Company, where the administrative offices are located, is Punta del Este avenue N° 2403, second floor, Jesus María, Lima, Peru.

- (ii) Patrimonio en Fideicomiso – D.S. N°093-2002-EF-Interproperties Holdings and Patrimonio en Fideicomiso – D.S. N°093-EF-Interproperties Holding II.

Equity trust funds (henceforth “Interproperties Holding”) are Special Purpose Entities (SPE) incorporated with the purpose of creating independent entities of the originators, through which investments are made in real estate projects.

- (c) IR Management S.R.L. is an entity that manages and operates the Companies of the group and provides other corporate services. The legal address of the Company, where the administrative offices are located, is Morelli street N° 139, San Borja, Lima, Peru

### 3. Basis of preparation and presentation and new standards adopted by InRetail

- (a) Interim financial statements

The consolidated financial statements of the InRetail Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Boards (IASB), effective as of September 30, 2021 and December 31, 2020, respectively.

The interim financial statements of the InRetail Group have been prepared in accordance with IAS 34 “Interim financial reporting”.

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

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

## Notes to the interim consolidated financial statements (continued)

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

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

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

At the date of this report, all the entities consolidated into the accompanying financial statements are legal subsidiaries of InRetail Peru Corp.

### (b) Basis of consolidation

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

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the InRetail Group obtains control, and continues to be consolidated until the date when such control ceases. The financial statements of the subsidiaries are prepared for the same period as the parent company, using consistent accounting policies. All intra-group balances, transactions, unrealized gains and losses resulting from intra-group transactions and dividends are eliminated in full.

The non-controlling interests have been determined in proportion to the participation of minority shareholders in the net equity and the results of the subsidiaries in which they hold shares, and they are presented separately in the consolidated statement of financial position and the consolidated statement of comprehensive income.

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

The accounting policies followed in the preparation of the consolidated financial statements are consistent with those followed in the preparation of the consolidated financial statements as of December 31, 2020.

## Notes to the interim consolidated financial statements (continued)

### (c) New accounting standards

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

The InRetail Group adopted the following standards and interpretations that have been issued by the IASB, and which were effective as of January 1, 2020:

#### (i) Amendments to IFRS 3 "Business combinations": Reference to the Conceptual Framework

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

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

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

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

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

#### (iii) Amendments to IAS 16 "Property, Plant and Equipment": Proceeds before intended Use

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,

## Notes to the interim consolidated financial statements (continued)

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 InRetail Group.

(iv) Amendments to IAS 37 “Provisions, Contingent Liabilities and Contingent Assets”: Onerous Contracts – Costs of Fulfilling a Contract

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

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

(v) Annual Improvements (2018-2020 cycle)

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

- IFRS 1 “First-time Adoption of International Financial Reporting Standards”: Subsidiary as a first-time adopter  
The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent’s date of transition to IFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1. The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted.
- IFRS 9 “Financial Instruments”: Fees in the 10 percent test for derecognition of financial liabilities  
The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other’s behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted.
- 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.

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



## Notes to the interim consolidated financial statements (continued)

### 4. Cash and cash equivalents

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

	As of September 30, 2021 S/(000)	As of December 31, 2020 S/(000)
Cash (b)	54,538	7,222
Current accounts (c)	746,445	624,031
Time deposits (d)	88,334	174,702
Remittances in transit	73,995	130,360
<b>Total</b>	<b>963,312</b>	<b>936,315</b>

- (b) As of September 30, 2021 and December 31, 2020, comprises mainly cash held by subsidiaries in the premises of their store chains and in the vaults of a security company, corresponding to sales during the last days of the period.
- (c) The Company and its Subsidiaries maintain current accounts in local banks in the currency of each country and US Dollars which do not accrue interest and are freely available.
- (d) The time deposits are freely available and are kept in local banks in Soles and US Dollars, have maturities up to one month since inception and bear annual interest rates between 0.45 and 0.90 percent in Soles and between 0.23 and 1.00 percent in US Dollars as of September 30, 2021 (between 0.01 and 0.12 percent in Soles and between 0.05 and 0.10 percent in US Dollars as of December 31, 2020).

### 5. Trade receivables, net

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

	As of September 30, 2021 S/(000)	As of December 31, 2020 S/(000)
Invoices (c)	628,096	601,530
Retail sales (e)	47,728	65,392
Provision for accrued revenue (f)	13,071	12,476
Rent receivable (d)	24,391	13,322
Others	15,363	9,537
<b>Total</b>	<b>728,649</b>	<b>702,257</b>
Provision for doubtful accounts (g)	(73,882)	(77,941)
<b>Total</b>	<b>654,767</b>	<b>624,316</b>

- (b) Trade receivables are denominated in the currency of each country and US Dollars, have current maturity and do not bear interest.
- (c) Corresponds mainly to (i) pending deposits in favor of Supermercados Peruanos and InRetail Pharma Group for the last day of the month, respectively, held by credit card operators and originated from the sales of goods with credit cards in the different stores of Supermercados Peruanos S.A. and InRetail Pharma Group, and (ii) trade accounts receivable from corporate sales.

## Notes to the interim consolidated financial statements (continued)

- (d) Corresponds to accounts receivable for the lease of commercial premises to concession holders inside the stores of Supermercados Peruanos S.A. and the accounts receivable for the rental income of Interproperties Holding.
- (e) Correspond mainly to the balance receivable from the sale of goods to public institutions and various local and foreign companies. At the date of this report, these balances were mostly collected.
- (f) As of September 30, 2021 and December 31, 2020, relates to services unbilled at the end of period, mainly due to variable rentals of Interproperties Holdings. These amounts were billed in the month subsequent to the reporting date.
- (g) Movements in the provision for doubtful accounts receivable for the nine-month period ended September 30, 2021 and 2020, were as follows:

	2021 S/(000)	2020 S/(000)
<b>Balance at the beginning of the year</b>	<b>77,941</b>	<b>58,967</b>
Provision recognized as expense, Note 17 (a)	22,372	19,156
Recoveries, Note 17 (a)	(13,552)	(3,381)
Write-offs	(15,475)	(515)
Foreign currency translation	3,336	1,617
Others	(740)	-
<b>Balance as of September 30</b>	<b>73,882</b>	<b>75,844</b>
<b>Balance as of December 31, 2020</b>		<b>77,941</b>

As of September 30, 2021 and December 31, 2020, the amount of trade receivables past due but non-impaired amounted to approximately S/152,170,000 and S/111,672,000, respectively. Past-due accounts which have a payment agreement are considered as not impaired; therefore they do not represent risk of uncollectibility.

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

### 6. Inventories, net

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

	As of September 30, 2021 S/(000)	As of December 31, 2020 S/(000)
Goods, Note 17 (a)	2,353,337	2,012,314
Goods in transit (b)	286,302	143,621
Raw material, Note 17 (a)	81	19,552
Miscellaneous supplies	6,819	3,914
Miscellaneous supplies for manufacture, Note 17 (a)	828	550
Finished goods, Note 17 (a)	-	455
<b>Total</b>	<b>2,647,367</b>	<b>2,180,406</b>
<b>Minus</b>		
Provision for impairment of inventories (c)	(25,209)	(21,885)
<b>Total</b>	<b>2,622,158</b>	<b>2,158,521</b>

- (b) Corresponds to goods and miscellaneous supplies imported by the InRetail Group in order to satisfy customers demand in its stores.

## Notes to the interim consolidated financial statements (continued)

- (c) The movement in the provision for inventory impairment for the nine-month period ended September 30, 2021 and 2020, was as follows:

	2021 S/(000)	2020 S/(000)
<b>Balance at the beginning of the year</b>	<b>21,885</b>	<b>15,346</b>
Provision of the period, Note 17 (a)	18,262	20,333
Recoveries	(2,894)	-
Write-offs	(12,400)	(5,831)
Foreign currency translation	356	249
<b>Balance as of September 30</b>	<b>25,209</b>	<b>30,097</b>
<b>Balance as of December 31, 2020</b>		<b>21,885</b>

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

### 7. Derivative financial instruments

As of September 30, 2021, this item comprises of nine Contracts, four "Principal Call Spread", one "Full Cross-Currency Swap" and four "Range Principal Only Swap" (as of December 31, 2020, two "Principal Call Spread" contracts) designated to hedge cash flows from exchange rate variations and recorded at their fair value. The detail of the operations is as follows:

Counterparty	Nominal value US\$(000)	Due	Receives fixed rate at %	Pays fixed rate at %	Book value of the hedged item S/(000)	Fair value 2021 S/(000)	Fair value 2020 S/(000)
J.P. Morgan N.A. (a)	350,000	April 2028	-	1.05	1,268,400	-	100,174
J.P. Morgan N.A. (a)	250,000	April 2028	-	1.05	1,034,000	81,517	-
J.P. Morgan N.A. (a)	100,000	April 2028	5.75	8.75	413,600	61,282	-
Citibank N.A. (b)	400,000	May 2023	-	1.27	1,449,600	-	112,273
Citibank N.A. (c)	138,000	March 2028	-	-	570,768	47,252	-
Citibank N.A. (c)	100,000	March 2028	-	1.50	413,600	60,330	-
Citibank N.A. (c)	50,000	March 2028	-	1.50	206,800	29,965	-
Citibank N.A. (c)	138,000	March 2028	-	1.04	570,768	41,197	-
Citibank N.A. (c)	100,000	March 2028	-	2.50	413,600	60,330	-
Citibank N.A. (c)	50,000	March 2028	-	2.50	206,800	29,965	-
Citibank N.A. (c)	24,000	March 2028	-	1.04	99,264	7,165	-
<b>Total</b>						<b>419,003</b>	<b>212,447</b>

- (a) In March 2018, Patrimonio en Fideicomiso D.S. 093-2002-EF InRetail Shopping Malls, Subsidiary of the Company, decided to carry out hedging operations through a Foreign Currency Call Spread for the financial obligations of the "Senior Notes Unsecured", which were issued in April 2018. From the date of issuance of the "Senior Notes Unsecured" for the purposes of IFRS 9, it was classified as an effective hedging instrument, See Note 13(c).

## Notes to the interim consolidated financial statements (continued)

On July 1, 2021, InRetail Shopping Malls (Subsidiary of the Company) decided to replace US\$100,000,000 of the Call Spread with US\$100,000,000 a Full Cross-Currency Swap on the issuance of its Senior Notes Unsecured, which establishes the currency exchange at an exchange rate of S/3.887 per US\$1.00, which for the purposes of IFRS 9, qualifies as an effective hedging instrument.

The early settlement of the derivative financial instrument includes the partial settlement of the liability from the financing received from J.P. Morgan for the acquisition of the instrument derivative financial. As a result of this transaction, a total net expense of S/38,826,000 was recorded, see Note 18.

As of September 30, 2021, the Call Spread covers US\$250,000,000 (as of December 31, 2020, cover 100 percent) of the exposure in foreign currency of the principal of the issues and protects exchange rate variations between S/3.26 and S/3.75 per US\$1.00. During the year 2021, the exchange rate has suffered increases that have not been covered by the Call Spread, said exchange rate variation is recorded in the consolidated statement of income. The premium price was financed in installments equal to the issuance.

- (b) In March 2021, InRetail Pharma settled the Call Spread early, which maturity was in May 2023 and which hedged the issuance of senior notes by InRetail Pharma up to a value of US\$400,000,000 (see note 13(d)). The early settlement of the derivative included the settlement of the liability created by the financing received from Citibank N.A. for the acquisition of the derivative; as of December 31, 2020, the value of said liability amounted to around US\$9,874,000 (equivalent to around S/35,785,000) (see note 13). As a result of this transaction, a total net expense of S/70,141,000 was generated, which is presented as “Financial expenses from the early settlement of Call Spread” in the consolidated income statement; see note 18.
- (c) In March 2021, InRetail Perú corp. through its Subsidiaries, InRetail Pharma S.A., Supermercados Peruanos S.A. and InRetail Consumer (Special Purpose Entity), decided to carry out three hedging operations for US\$288,000,000, US\$288,000,000 and US\$24,000,000, respectively, through three Call Spreads of foreign currency for the financial obligations of the “Senior Secured Notes”, which were issued in March 2021, and the intercompany loans related to the issuance. From the date of issue of the “Senior Secured Notes” for the purposes of IFRS 9 were classified as effective hedging instruments, see note 13 (b).

On September 16 and 17, 2021, InRetail Pharma S.A. and Supermercados Peruanos S.A. decided to replace each US\$150,000,000 of its Call Spread with two Range Principal Only Swaps of US\$100,000,000 and US\$50,000,000, on the issuance of their Senior Notes Unsecured, which fixed the exchange of currency at the exchange rate of S/4.1045 and S/4.1100 per US\$1.00, respectively, and that protects variations in the exchange rate between S/3.70 and S/6.00 per US\$1.00, which for the purposes of IFRS 9, qualifies as an effective hedging instrument.

The early settlement of the derivative financial instrument includes the partial cancellation of the liability held in Supermercados Peruanos S.A. for the financing received from Citibank for the acquisition of the derivative financial instrument. As a result of this transaction a total net expense of S/6,468,000 was recorded.

As of September 30, 2021, the Call Spreads cover US\$300,000,000 (as of December 31, 2020 cover 100 percent) of the exposure in foreign currency of the principal of the issues and protects exchange rate variations between S/3.70 and S/4.20 per US\$1.00. The premium price of Supermercados Peruanos S.A. and InRetail Consumer was financed in terms equal to that of the issue.

## Notes to the interim consolidated financial statements (continued)

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

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

	Land S/(000)	Buildings, infrastructure and facilities S/(000)	Miscellaneous and equipment S/(000)	Vehicles S/(000)	Furniture and fixture S/(000)	Work in progress S/(000)	As of September 30, 2021 S/(000)	As of December 31, 2020 S/(000)
<b>Cost</b>								
<b>Initial balance</b>	<b>1,333,529</b>	<b>3,025,457</b>	<b>1,393,729</b>	<b>4,767</b>	<b>254,249</b>	<b>63,181</b>	<b>6,074,912</b>	<b>5,127,068</b>
Acquisition of subsidiary	-	-	-	-	-	-	-	816,587
Additions (b)	65,790	70,594	95,965	313	20,921	94,958	348,541	220,508
Disposals and/or sales (c)	-	(9,644)	(25,489)	(1,194)	(6,570)	-	(42,901)	(89,642)
Disposal of subsidiaries	(27)	(3,112)	(47,511)	(89)	(3,616)	(479)	(54,834)	(4,145)
Transfer to intangible assets, Note 10 (a)	-	-	-	-	-	-	-	(489)
Transfer	-	(82,239)	113,225	-	(17,292)	(13,694)	-	-
Transfer to investment properties, Note 9(b)	-	2,596	-	-	-	-	2,596	(290)
Foreign currency translation	-	711	6,629	(3)	1,339	18	8,694	5,315
<b>Final balance</b>	<b>1,399,292</b>	<b>3,004,363</b>	<b>1,536,548</b>	<b>3,794</b>	<b>249,031</b>	<b>143,984</b>	<b>6,337,008</b>	<b>6,074,912</b>
<b>Accumulated depreciation</b>								
<b>Initial balance</b>	-	<b>734,328</b>	<b>908,547</b>	<b>3,397</b>	<b>162,099</b>	-	<b>1,808,371</b>	<b>1,524,143</b>
Acquisition of subsidiary	-	-	-	-	-	-	-	123,995
Additions (d)	-	80,944	101,379	379	16,314	-	199,016	230,727
Disposals and/or sales (c)	-	(7,467)	(23,064)	(819)	(5,999)	-	(37,349)	(71,166)
Disposal of subsidiaries	-	-	(2,557)	(38,130)	(89)	(3,234)	(44,010)	-
Foreign currency translation	-	477	5,121	(3)	1,163	-	6,758	4,008
<b>Final balance</b>	-	<b>808,282</b>	<b>989,426</b>	<b>(35,176)</b>	<b>173,488</b>	<b>(3,234)</b>	<b>1,932,786</b>	<b>1,808,371</b>
<b>Net book value</b>	<b>1,399,292</b>	<b>2,196,081</b>	<b>547,122</b>	<b>38,970</b>	<b>75,543</b>	<b>147,218</b>	<b>4,404,222</b>	<b>4,266,541</b>

## Notes to the interim consolidated financial statements (continued)

- (d) Additions for the nine-month period ended September 30, 2021 and December 31, 2020 correspond mainly to the construction and equipment of new premises for Supermercados Peruanos S.A. and the InRetail Pharma Group.
- (c) Mainly correspond to assets sold and to the disposal of unusable assets as a result of the process of change of format in some premises and store closures. The resulting income or expense has been included in the "Other operating income" or "Other operating expenses" caption of the consolidated income statement, respectively.
- (d) Depreciation expense for the nine-month period ended September 30, 2021 and 2020, was recorded as follows in the income statement:

	<b>2021</b>	<b>2020</b>
	S/(000)	S/(000)
Cost of sales, Note 17 (a)	1,257	4,614
Sales expenses, Note 17 (a)	182,268	152,918
Administrative expenses, Note 17 (a)	15,491	13,460
<b>Balance as of September 30</b>	<b>199,016</b>	<b>170,992</b>
<b>Balance as of December 31, 2020</b>		<b>230,727</b>

- (e) As of September 30, 2021 and December 31, 2020, Supermercados Peruanos S.A. has mortgaged land, buildings and facilities for a net book value of S/971,921,000 (S/879,610,000 as of December 31, 2020), as collateral of the financial obligations and the leasing contracts (see Note 13).
- (f) As of September 30, 2021 and December 31, 2020, the cost and corresponding accumulated depreciation of assets acquired through finance leases amounted to approximately S/769,856,000 and S/324,431,000, respectively (S/772,402,000 and S/299,385,000, respectively, as of December 31, 2020).
- (g) The InRetail Group maintains insurance policies on their main assets in accordance with the policies established by Management.

## Notes to the interim consolidated financial statements (continued)

### 9. Investment properties

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

	As of September 30, 2021 S/(000)	As of December 31, 2020 S/(000)
Real Plaza Puruchuco Shopping Mall	618,888	616,068
Real Plaza Salaverry Shopping Mall (i)	449,302	445,897
Real Plaza Chiclayo Shopping Mall	276,782	268,736
Real Plaza Cusco Shopping Mall (i)	301,938	272,478
Real Plaza Primavera Shopping Mall	234,834	234,455
Real Plaza Piura Shopping Mall	234,856	234,423
Real Plaza Trujillo Shopping Mall	216,329	214,980
Real Plaza Centro Civico Shopping Mall (i)	208,393	204,300
Real Plaza Huancayo Shopping Mall (i)	135,578	134,140
Real Plaza Pucallpa Shopping Mall	111,469	109,953
Real Plaza Huánuco Shopping Mall (i)	104,435	102,421
Real Plaza Cajamarca Shopping Mall	92,668	90,125
Real Plaza Santa Clara - Altamirano Shopping Mall	85,953	84,351
Real Plaza Villa Maria del Triunfo Shopping Mall (La Curva) (i)	81,575	82,156
Real Plaza Juliaca Shopping Mall (i)	75,999	75,610
Real Plaza Pro Shopping Mall	67,622	66,783
Real Plaza Chorrillos Shopping Mall	66,179	65,813
Real Plaza Arequipa Shopping Mall (i)	54,575	53,807
Plaza Center Lurin Shopping Mall	46,758	47,211
Real Plaza Nuevo Chimbote Shopping Mall	40,543	39,176
Plaza Center Ilo Shopping Mall	38,736	38,702
Real Plaza Sullana Shopping Mall	31,983	30,813
Plaza Center Villa El Salvador Shopping Mall	30,074	28,367
Plaza Center Moquegua Shopping Mall	29,917	28,041
Plaza Center Tumbes Shopping Mall	9,416	16,349
Plaza Center Tarapoto Shopping Mall	18,792	18,168
Plaza Center Tacna Shopping Mall	18,785	18,039
Jr. de la Unión stores	10,448	10,382
Others (ii)	301,649	267,765
<b>Total</b>	<b>3,994,476</b>	<b>3,899,509</b>

(i) For the construction of these shopping malls and properties, surface right contracts were subscribed with Arzobispado de Cusco (on land in Cusco "San Antonio"), Municipalidad Provincial de Huánuco (on land of "Real Plaza Huánuco" Shopping Mall), Inmobiliaria Pazos S.A. (La Curva), Oficina de Normalización Provisional - ONP (Centro Cívico), Ferrovías Central Andina S.A. (Huancayo), the Association denominated "Religiosas del Sagrado Corazón de Jesús" (Arequipa), Ferrocarril Trasandino S.A. (Juliaca) and the Marina de Guerra del Perú (Salaverry). These contracts have a maturity between 20 and 70 years.

"Real Plaza" shopping malls consist of department stores, home improvement, supermarket, other retail shops, a cinema complex and an entertainment area; with which contracts have been signed that provide a minimum monthly rent and a variable rent based on sales.

(ii) Corresponds to land on which real estate projects will be developed.

## Notes to the interim consolidated financial statements (continued)

- (b) The movement of this account for the nine-month period ended September 30, 2021 and 2020 was as follows:

	2021	2020
	S/(000)	S/(000)
<b>Balance at the beginning of the year</b>	<b>3,899,509</b>	<b>3,879,572</b>
Additions	59,393	83,714
Fair value adjustment	38,170	(30,509)
Transfer from property, furniture and equipment; Note 8 (a)	(2,596)	(47)
<b>Balance as of September 30</b>	<b>3,994,476</b>	<b>3,932,730</b>
<b>Balance as of December 31, 2020</b>		<b>3,899,509</b>

The fair value of investment properties has been determined on a discounted cash flows method basis by the Management of the InRetail Group for completed investment properties and based on the value assigned by an independent appraiser for investment properties under construction and investment properties held to operate in the future. The valuation is prepared on an aggregated unleveraged basis. In order to calculate their estimates of market values, the Management of the InRetail Group uses their market knowledge and professional judgment and does not only rely on historical transactional comparables. Fair value adjustment is included in the "Other operating income" caption of the consolidated income statement.

### 10. Intangible assets, net

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

	As of September 30, 2021	As of December 31, 2020
	S/(000)	S/(000)
<b>Cost</b>		
<b>Initial balance</b>	<b>1,568,988</b>	<b>1,410,380</b>
Acquisition of subsidiary	-	116,239
Additions (c)	198,539	44,616
Disposal and/or sales	(1,653)	(2,566)
Disposal subsidiaries	(8,499)	(525)
Transfer from property, plant and equipment, Note 8(a)	-	489
Foreign currency translation	590	355
<b>Final balance</b>	<b>1,757,965</b>	<b>1,568,988</b>
<b>Accumulated amortization</b>		
<b>Initial balance</b>	<b>363,990</b>	<b>235,681</b>
Acquisition of subsidiary	-	54,212
Additions (e)	119,532	74,486
Disposals and/or sales	(1,620)	(173)
Disposal subsidiaries	(1,592)	(525)
Foreign currency translation	543	309
<b>Final balance</b>	<b>480,853</b>	<b>363,990</b>
<b>Goodwill</b>		
<b>Initial balance (d)</b>	<b>2,722,074</b>	<b>1,982,106</b>
Additions	-	739,968
Adjustment for purchase price allocation	(111,390)	-
<b>Final balance</b>	<b>2,610,684</b>	<b>2,722,074</b>
<b>Net, book value</b>	<b>3,887,796</b>	<b>3,927,072</b>



## Notes to the interim consolidated financial statements (continued)

- (b) As of September 30, 2021 and December 31, 2020, this caption mainly includes approximately S/373,054,000 corresponding to the Inkafarma brand, S/395,355,000 to the Mifarma brand, S/158,000,000 to the Makro brand, S/17,791,000 to Quimica Suiza, S/15,911,000 to the Ninet brand and S/1,504,000 to other brands.

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

- (c) As of September 30, 2021 and December 31, 2020, additions mainly correspond to: (i) disbursements for the acquisition of a commercial software program, a general planning system (ERP) and related licenses; (ii) disbursements for implementation of softwares and licenses in new stores of InRetail Group and (iii) recognition of trademarks and other intangibles from the acquisition of the Quicorp Group, see Note 1 (b).
- (d) As of September 30, 2021 and December 31, 2020, this caption mainly includes the goodwill, as a result of the acquisition of the Quicorp Group S/1,272,634,000, InRetail Pharma S/709,472,000 and Makro Supermayorista S.A. S/628,578,000. See Note 1(b).

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

- (e) Amortization expense for the nine-month period ended September 30, 2021 and 2020 has been recorded in the following items of the consolidated statements:

	<b>2021</b> S/(000)	<b>2020</b> S/(000)
Cost of sales, Note 17 (a)	75	315
Sales expenses, Note 17 (a)	103,525	44,798
Administrative expenses, Note 17 (a)	15,932	10,730
<b>Balance as of September 30</b>	<b>119,532</b>	<b>55,843</b>
<b>Balance as of December 31, 2020</b>		<b>74,486</b>

### 11. Trade payables

The table below presents the composition of this caption:

	<b>As of September 30,</b> <b>2021</b> S/(000)	<b>As of December 31,</b> <b>2020</b> S/(000)
Bills payable from purchase of goods	3,273,491	2,904,495
Bills payable from commercial services	325,679	312,678
Provision for services and maintenance	155,443	105,954
<b>Total</b>	<b>3,754,613</b>	<b>3,323,127</b>
Current	3,751,764	3,317,632
Non-current	2,849	5,495
<b>Total</b>	<b>3,754,613</b>	<b>3,323,127</b>

## Notes to the interim consolidated financial statements (continued)

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

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

### 12. Leases

- a) The InRetail Group maintains leasing contracts for land, buildings, facilities and vehicles used for its operations. Leases of land, buildings and facilities generally have terms of 1 to 60 years, and leases of vehicles have terms of 2 to 4 years. The InRetail Group's obligations under its leases are guaranteed by the lessor's title of the leased assets.

There are several leases that include extension and termination options and variable payments.

The InRetail Group has also entered into certain leases of premises with terms of 12 months or less and leases of low-value office equipment. The InRetail Group applies the short-term and low-value lease exemptions for this kind of leases.

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

	Land	Buildings infrastructure and facilities	Vehicles	As of September 30, 2021	As of December 31, 2020
	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)
<b>Cost</b>					
<b>Initial balance</b>	<b>154,375</b>	<b>1,840,197</b>	<b>4,042</b>	<b>1,998,614</b>	<b>1,708,149</b>
Acquisition of subsidiary	-	-	-	-	27,873
Additions	4,675	207,008	889	212,572	284,683
Cancellation of contract	-	(17,531)	(473)	(18,004)	(21,162)
Disposal of subsidiaries	-	(25,459)	(109)	(25,568)	-
Disposals	-	-	-	-	(3,270)
Foreign currency translation	-	6,521	363	6,884	2,341
<b>Final balance</b>	<b>159,050</b>	<b>2,010,736</b>	<b>4,712</b>	<b>2,174,498</b>	<b>1,998,614</b>
<b>Accumulated depreciation</b>					
<b>Initial balance</b>	<b>14,869</b>	<b>588,644</b>	<b>1,375</b>	<b>604,888</b>	<b>305,267</b>
Acquisition of subsidiary	-	-	-	-	3,989
Additions, Note 17 (a)	5,589	245,949	773	252,311	306,222
Cancellation of contract	-	(12,717)	(386)	(13,103)	(9,401)
Disposal of subsidiaries	-	(8,500)	(49)	(8,549)	-
Disposals and/or sales	-	-	-	-	(2,380)
Foreign currency translation	-	2,682	167	2,849	1,191
<b>Final balance</b>	<b>20,458</b>	<b>816,058</b>	<b>1,880</b>	<b>838,396</b>	<b>604,888</b>
<b>Net book value</b>	<b>138,592</b>	<b>1,194,678</b>	<b>2,832</b>	<b>1,336,102</b>	<b>1,393,726</b>

## Notes to the interim consolidated financial statements (continued)

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

	2021 S/(000)	2020 S/(000)
Cost of sales, Note 17 (a)	7,564	9,200
Sales expenses, Note 17 (a)	236,185	215,644
Administrative expenses, Note 17 (a)	8,562	4,557
<b>Balance as of September 30</b>	<b>252,311</b>	<b>229,401</b>
<b>As of December 31, 2020</b>		<b>306,222</b>

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

	As of September 30, 2021 S/(000)	As of December 31, 2020 S/(000)
<b>Initial balance</b>	<b>1,514,535</b>	<b>1,402,280</b>
Acquisition of subsidiary	-	26,404
Additions	212,572	284,683
Increase for accrued interest, Note 18	80,404	97,317
Amortization	(319,272)	(371,788)
Disbursements made at the start of the contract	-	(4,455)
Disposals	-	(890)
Disposals subsidiaries	(20,257)	-
Cancellation of contract	(5,027)	(11,990)
Rent paid in advance	(4,000)	(1,326)
Exchange rate	141,179	92,996
Foreign currency translation	4,085	1,304
<b>Final balance</b>	<b>1,604,219</b>	<b>1,514,535</b>
Current	267,384	226,749
Non-current	1,336,835	1,287,786
<b>Total</b>	<b>1,604,219</b>	<b>1,514,535</b>

Additionally, in the nine-month period ended as of September 30, 2021 and 2020, interest related to the lease liability of S/80,404,000 and S/69,516,000, has been accrued, respectively.

## Notes to the interim consolidated financial statements (continued)

### 13. Interest-bearing loans and borrowings

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

Type of obligation	Original currency	Interest rate %	Final maturity	Original amount		Total		Current		Non-current			
				US\$ (000)	\$ (000)	2021	2020	2021	2020	2021	2020		
					S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)		
<b>Senior Notes</b>													
Senior Secured Notes(b)	PEN	4.900	2028	-	-	555,000	549,662	-	-	-	-	549,662	-
Senior Secured Notes (b)	USD	3.250	2028	600,000	-	-	2,336,212	-	-	-	-	2,336,212	-
Senior Notes Unsecured (c)	USD	5.750	2028	350,000	-	-	1,370,876	1,195,204	-	-	-	1,370,876	1,195,204
Senior Notes Unsecured (c)	PEN	6.563	2028	-	-	313,500	310,473	310,202	-	-	-	310,473	310,202
Senior Notes Unsecured (e)	PEN	7.875	2034	-	-	141,000	135,647	135,588	-	-	-	135,647	135,588
Senior Notes Unsecured (d)	PEN	6.438	2025	-	-	385,800	384,309	384,041	-	-	-	384,309	384,041
Senior Notes Unsecured (d)	USD	5.375	2023	400,000	-	-	-	1,436,872	-	-	-	-	1,436,872
				<b>1,350,000</b>	<b>-</b>	<b>1,395,300</b>	<b>5,087,179</b>	<b>3,461,907</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,087,179</b>	<b>3,461,907</b>
<b>Leasings</b>													
<b>Related entities</b>													
Banco Internacional del Perú-Interbank	PEN	3.990	2026	-	-	101,963	101,515	101,275	-	-	-	101,515	101,275
Banco Internacional del Perú-Interbank	USD	4.530	2022	50	-	-	42	60	36	31	-	6	29
<b>Non related entities</b>													
Banco de Crédito del Perú	PEN	7.250	2022	-	-	13,596	-	317	-	317	-	-	-
Banco Scotiabank (k)	PEN	5.510	2025	-	-	380,000	344,208	367,378	30,939	30,897	313,269	336,481	-
Banco Interamericano de Finanzas	PEN	7.500	2021	-	-	13,596	-	1,001	-	1,001	-	-	-
Banco Interamericano de Finanzas	PEN	Between 5.240 and 7.250	2022	-	-	24,915	8,160	14,556	8,160	8,590	-	-	5,966
Banco Continental	PEN	4.950	2024	-	-	18,150	9,330	12,007	3,727	3,593	5,603	8,414	-
Banco de Crédito del Perú	PEN	5.620	2026	-	-	13,425	12,683	13,424	3,077	3,039	9,606	10,385	-
Banco de Crédito del Perú	PEN	5.050	2026	-	-	18,767	17,638	18,767	4,677	4,620	12,961	14,147	-
Banco Santander del Perú	PEN	Between 6.920 and 7.650	2022	-	-	1,419	363	644	363	378	-	-	266
Banco Continental	PEN	4.950	2021	-	-	129	-	19	-	19	-	-	-
				<b>50</b>	<b>-</b>	<b>585,960</b>	<b>493,939</b>	<b>529,448</b>	<b>50,979</b>	<b>52,485</b>	<b>-</b>	<b>442,960</b>	<b>476,963</b>

## Notes to the interim consolidated financial statements (continued)

Type of Obligation	Original currency	Interest rate %	Final maturity	Original amount			Total		Current		Non-current	
				US\$ (000)	\$ (000)	S/(000)	2021	2020	2021	2020	2021	2020
				S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	
<b>Notes and Loans (f)</b>												
<b>Related entities</b>												
Banco Internacional del Perú-Interbank	PEN	1.760	2021	-	-	35,000	-	35,000	-	35,000	-	-
Banco Internacional del Perú-Interbank	PEN	1.650	2021	-	-	54,500	54,500	-	54,500	-	-	
Banco Internacional del Perú-Interbank	PEN	3.990	2026	-	-	198,037	195,683	196,923	-	-	195,683	196,923
Banco Internacional del Perú-Interbank (j)	PEN	3.750	2026	-	-	220,000	218,225	-	-	-	218,225	-
Banco Internacional del Perú-Interbank	PEN	0.400	2021	-	-	35,000	-	35,000	-	35,000	-	-
Banco Internacional del Perú-Interbank (j)	PEN	1.650	2021	-	-	161,950	-	103,363	-	22,970	-	80,393
<b>Non related entities</b>												
Banco Scotiabank	PEN	Between 4.200 and 5.070	2025-2026	-	-	940,100	698,188	764,164	123,841	109,272	574,347	654,892
Banco Continental	PEN	4.150	2025	-	-	220,000	218,445	119,103	12,000	3,000	206,445	116,103
Banco Scotiabank (i)	PEN	4.700	2025	-	-	161,950	-	103,380	-	22,973	-	80,407
Banco Scotiabank (g)	PEN	5.250	2027	-	-	50,000	44,718	48,414	4,935	4,930	39,783	43,484
Banco Scotiabank (i)	PEN	3.750	2026	-	-	330,000	327,337	-	-	-	327,337	-
Banco de Crédito del Perú	PEN	2.100	2021	-	-	39,000	39,000	-	39,000	-	-	-
Banco Scotiabank	PEN	2.230	2021	-	-	19,000	19,000	-	19,000	-	-	-
Banco Scotiabank	PEN	2.070	2021	-	-	17,500	-	17,500	-	17,500	-	-
Banco de Crédito del Perú (m)	PEN	1.480	2023	-	-	10,000	8,476	10,000	5,060	2,884	3,416	7,116
Banco de Crédito del Perú	PEN	0.820	2021	-	-	45,000	-	45,000	-	45,000	-	-
Banco de Crédito del Perú	PEN	1.070	2021	-	-	8,000	-	8,000	-	8,000	-	-
Banco Scotiabank	PEN	1.180	2021	-	-	21,000	-	21,000	-	21,000	-	-
Banco Scotiabank	PEN	0.600	2021	-	-	25,000	21,000	-	21,000	-	-	-
Banco Scotiabank	PEN	Between 1.280 and 1.980	2022	-	-	26,000	30,000	-	30,000	-	-	-
Banco de Crédito del Perú	PEN	Between 0.590 and 1.980	2021-2022	-	-	110,000	110,000	-	110,000	-	-	-
Banco Citibank	USD	5.000	2022	10,000	-	-	22,980	30,203	22,980	10,068	-	20,135
Banco Pichincha	USD	7.500	2021	300	-	-	1,241	1,087	1,241	1,087	-	-
BBVA Banco Continental	COP	6.100	2021	-	89,968	-	-	94	-	94	-	-
Banco de Bogotá	COP	6.030	2023	-	2,900,000	-	-	3,061	-	1,052	-	2,009
				<b>10,300</b>	<b>2,989,968</b>	<b>2,727,037</b>	<b>2,008,793</b>	<b>1,541,292</b>	<b>443,557</b>	<b>339,830</b>	<b>1,565,236</b>	<b>1,201,462</b>
<b>Foreign loans</b>												
J.P. Morgan Chase Bank N.A. (l)	USD	1.438	2021	375,000	-	-	-	1,344,679	-	1,344,679	-	-
				<b>375,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,344,679</b>	<b>-</b>	<b>1,344,679</b>	<b>-</b>	<b>-</b>
<b>Call Spread financing, Note 7</b>												
Citibank N.A.	USD	1.040	2028	18,659	-	-	29,283	-	5,368	-	23,915	-
Citibank N.A.	PEN	Between 8.400 and 8.600	2028	-	-	88,076	88,804	-	15,501	-	73,303	-
Citibank N.A.	USD	3.176	2028	1,555	-	-	6,023	-	848	-	5,175	-
Citibank N.A.	USD	6.473	2023	18,297	-	-	-	35,785	-	15,977	-	19,808
Citibank N.A.	PEN	Between 8.400 and 8.600	2028	-	-	48,931	46,364	-	5,640	-	40,724	-
J.P. Morgan Bank N.A.	USD	10.205	2028	18,147	-	-	51,937	70,418	2,937	6,707	49,000	63,711
				<b>56,658</b>	<b>-</b>	<b>137,007</b>	<b>222,411</b>	<b>106,203</b>	<b>30,294</b>	<b>22,684</b>	<b>192,117</b>	<b>83,519</b>
<b>Other obligations (h)</b>												
Hewlett Packard S.A.	USD	Between 1.450 and 5.564	2025	5,566	-	-	11,452	10,506	5,479	4,635	5,973	5,871
Hewlett Packard S.A.	USD	Between 1.830 and 4.360	2024 and 2026	10,658	-	-	28,105	16,316	8,175	6,253	19,930	10,063
Hewlett Packard S.A.	USD	Between 2.180 and 6.200	2021-2024	3,717	-	-	6,057	5,752	3,716	2,766	2,341	2,986
CSI Renting	USD	Between 2.320 and 9.500	2025	370	-	-	490	404	250	288	240	116
				<b>20,311</b>	<b>-</b>	<b>-</b>	<b>46,104</b>	<b>32,978</b>	<b>17,620</b>	<b>13,942</b>	<b>28,484</b>	<b>19,036</b>
<b>Total</b>				<b>1,812,319</b>	<b>2,989,968</b>	<b>4,845,304</b>	<b>7,858,426</b>	<b>7,016,507</b>	<b>542,450</b>	<b>1,773,620</b>	<b>7,315,976</b>	<b>5,242,887</b>

## Notes to the interim consolidated financial statements (continued)

- (b) In March 2021, InRetail Consumer (Special Purpose Entity) issued Senior Secured Notes for US\$600,000,000 (equivalent to S/2,481,600,000 as of September 30, 2021) and S/555,000,000 in the local market and abroad (Luxembourg); said obligations were recorded in the consolidated financial statements at amortized cost at an effective annual interest rate of 3.423 and 5.080, respectively, after considering the corresponding initial charges of around US\$5,346,000 (equivalent to around S/22,114,000) and S/5,338,000, respectively.

Additionally, it is presented net of US\$29,805,000 equivalent to S/123,274,000 corresponding to the notes of its own issuance maintained by its subsidiary InRetail Pharma S.A.

The funds obtained from these issuances were mainly used to repay the bridge loan and for the tender of the InRetail Pharma bonds issued in 2018. As a result of these issuances, certain obligations and restrictive clauses must be complied with until its maturity and settlement. In the opinion of Management, these clauses do not limit the operations of InRetail Perú Corp. and its subsidiaries and have been complied with as of September 30, 2021.

- (c) In April 2018, Patrimonio en Fideicomiso D.S. 093-2002-EF InRetail Shopping Malls, Subsidiary of the Company, issued debt instruments ("Notes") denominated in US Dollars through a private offer to institutional investors under Rule 144 A and Regulation S, for US\$350,000,000 equivalent to S/1,447,600,000 as of September 30, 2021 (S/1,268,400,000 as of December 31, 2020) that accrues an interest of 5.75 percent per annual, with a maturity of 10 years, with semi-annual interest payments and the principal in a single installment upon maturity of the securities. This borrowing was recorded in the consolidated financial statement at amortized cost to an effective interest rate of 6.752 percent, after considering the respective up-front fees that amounted to US\$18,850,000 equivalent to approximately S/76,724,000 as of September 30, 2021 (US\$20,198,000 equivalent to approximately S/73,196,000 as of December 31, 2020).

Additionally, in April 2018, the Company's Subsidiary issued debt instruments ("Notes") denominated in Soles for S/313,500,000 that bear an annual interest rate of 6.563 percent, maturing in 10 years and with semiannual interest payments and the principal in a single installment at the expiration of the securities. This borrowing was recorded in the consolidated financial statement at amortized cost to an effective interest rate of 6.730 percent, after considering the respective up-front fees that amounted to S/3,027,000 as of September 30, 2021 (S/3,298,000 as of December 31, 2020).

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

As of September 30, 2021, the EBITDA/interest expense covenant was 2.01, above the limit established by the bond Indenture. However, in the context of the pandemic, in the year ended December 31, 2020, this covenant was 1.6, below the limit established by the bond Indenture, without this implying a breach of the obligations assumed by the Company.

All the other covenants from the bond issuance have been complied satisfactorily and are within the agreed limits as of September 30, 2021 and December 31, 2020.

## Notes to the interim consolidated financial statements (continued)

- (d) In May 2018, InRetail Pharma S.A., issued debt instruments ("Notes") denominated in US Dollars through a private offer to institutional investors under Rule 144 A and Regulation S, for US\$400,000,000 equivalent to S/1,449,600,000 as of December 31, 2020 that accrued an interest of 5.375 percent per annual, with a maturity of 5 years and with semiannual payments of interest and the principal in a single installment upon maturity of the securities. This borrowing was recorded in the consolidated financial statement at amortized cost to an effective interest rate of 5.778 percent, after considering the respective up-front fees that amounted to US\$3,512,000 equivalent to approximately S/12,728,000 as of December 31, 2020. As of December 31, 2020, the balance of this loan is S/1,436,872,000. In March 2021, these Senior Notes Unsecured were fully pre-paid.

As indicated in note 7 (b), the Call Spread related to these bonds was settled in advance in the month of March 2021.

Also, in May 2018, the Company issued debt instruments ("Notes") denominated in Soles for S/385,800,000 that bear an annual interest rate of 6.438 percent, maturing in 7 years and with semiannual interest payments and the principal in a single installment upon maturity of the securities. This borrowing was recorded in the consolidated financial statement at amortized cost to an effective interest rate of 6.559 percent, after considering the respective up-front fees that amounted to S/1,491,000 as of September 30, 2021 (S/1,759,000 as of December 31, 2020).

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

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

- (e) In July 2014, InRetail Real Estate Corp. issued, through InRetail Shopping Malls, an offering in the local market and abroad of "Senior Notes Unsecured" for S/141,000,000, due in July 2034, at a 7.875 percent nominal interest rate. This borrowing was recorded in the consolidated financial statement at amortized cost to an effective interest rate of 7.988 percent, after considering the respective up-front fees that amounted to S/1,353,000 as of September 30, 2021 (S/1,412,000 as of December 31, 2020). Additionally, as of September 30, 2021 and December 31, 2020, the balance is presented net of S/4,000,000 corresponding to the notes of this issuance held by InRetail Shopping Malls. As of September 30, 2021 the balance of this loan is S/135,647,000 (S/135,588,000 as of December 31, 2020).
- (f) Promissory notes and bank loans are used to fund working capital and do not have any specific guarantee. Leasing operations are guaranteed by the assets related to them; see Note 8 (e). Such obligations do not have any special conditions that must be complied (covenants), or restrictions affecting the operations of the InRetail Group.

## Notes to the interim consolidated financial statements (continued)

- (g) In October 2019, the Company entered into a new loan agreement with Scotiabank Perú S.A.A. of S/50,000,000. In February 2020, the term of the debt was restructured for a period of seven years, payable in quarterly installments and accrued interest of 5.25 percent annual.

This obligation was recorded in the consolidated financial statements at amortized cost with an effective annual interest rate of 5.442 percent after considering the respective initial charge of approximately S/283,000 as of September 30, 2021 (S/336,000 as of December 31, 2020).

As of September 30, 2021, the Company amortized amount of S/5,000,000.

- (h) Corresponds to the debt that the Subsidiaries acquired with Hewlett Packard and CSI Renting to purchase computer equipment. Said contracts do not have any specific guarantee.
- (i) In July 2018, InRetail Pharma S.A. received a loan from Scotiabank Peru S.A.A. of S/161,950,000 that accrues a nominal annual interest of 4.70 percent, due in April 2025, payable in quarterly installments. Said loan is recorded at amortized cost at an effective rate of 4.775 percent, after considering the initial charges of S/731,000 as of December 31, 2020.

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

In March 2021, the Company obtained a loan for S/330,000,000 that accrues an annual nominal interest of 3.750 percent maturing in March 2026, payable in quarterly installments. Said loan is recorded at its amortized cost at an effective annual rate of 4.031 percent, after considering the additional charges of S/2,663,000 as of September 30, 2021.

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

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

In March, 2021, the company obtained a loan for S/220,000,000 that accrues an annual nominal interest of 3.750 percent maturing in March 2026, payable in quarterly installments. Said loan is recorded at its amortized cost at an effective annual rate of 4.031 percent, after considering the additional charges of S/1,775,000 as of September 30, 2021.



## Notes to the interim consolidated financial statements (continued)

- (k) As of December 31, 2020, the disbursement of the financial lease for the construction of the Puruchuco shopping center was completed, with Banco Scotiabank del Perú S.A.A., for a total amount of S/380,000,000 which will be paid in quarterly installments that accrue an interest of 5.510 percent annually and with maturity in 2025.

This obligation was recorded in the consolidated financial statements at amortized cost with an effective interest rate of 5.899 percent after considering the respective initial charge of approximately S/3,792,000 as of September 30, 2021 (S/4,622,000 as of December 31, 2020).

As of September 30, 2021, the Company amortized an amount of S/32,000,000.

As of September 30, 2021, InRetail Real Estate and subsidiaries have complied with the financial requirements (“covenants”). As of December 31, 2020, InRetail Real Estate and subsidiaries had complied with the covenants except for the net interest coverage ratio and the debt service coverage ratio, which were below the minimum required. However, InRetail Real Estate obtained the respective waiver as of December 31, 2020 and, in that sense, as of September 30, 2021 and December 31, 2020, the debt classification has been made in accordance with the payment schedule originally agreed with the bank.

- (l) In December 2020, through InRetail Consumer, the Company received a loan of US\$375,000,000 equivalent to S/1,344,679,000 as of December 31, 2020 (S/1,356,375,000 at the disbursement date) granted by JP Morgan Chase Bank NA with a maturity of one year and which bears an interest rate of LIBOR Rate plus a spread. Said loan was mainly used for the acquisition of Makro Supermayorista S.A. for an amount of US\$359,619,000. As of December 31, 2020, the unpaid balance is presented net of its structuring cost of S/1,344,679,000. This loan was full paid in March 2021.
- (m) In May 2020, Real Plaza S.R.L. obtained a loan under the “Reactiva Perú” program with Banco de Crédito del Perú for the amount of S/10,000,000 that accrues a nominal annual interest of 1.48 percent maturing in 2023 including a grace period (non-capitalizable interest in the first year).

As of September 30, 2021, the Company amortized an amount of S/1,523,000.

- (n) During the nine-month periods ended September 30, 2021 and 2020, loans and borrowings accrued interests which are recorded in the “Financial costs” caption of the consolidated income statements, see Note 18. Also, as of September 30, 2021 and December 31, 2020, there are interest payable which are recorded in the “Other payables” caption of the consolidated statements of financial position.
- (o) Some of the interest-bearing loans and borrowings include standard clauses requiring the InRetail Group to meet financial ratios and other administrative matters. In Management’s opinion, as of September 30, 2021 and December 31, 2020, these standard clauses do not limit the normal operation of the InRetail Group and have been fulfilled.

- (p) Financial obligations are payable as follows:

	<b>2021</b>	<b>2020</b>
	S/ (000)	S/ (000)
2021	296,375	1,773,620
2022	456,053	432,283
2023	244,661	1,687,245
2024	355,694	647,494
2025	1,065,377	764,377
2026 onwards	5,440,266	1,711,488
<b>Total</b>	<b>7,858,426</b>	<b>7,016,507</b>

## Notes to the interim consolidated financial statements (continued)

### 14. Income tax

- (a) The amounts presented in the statement of financial position as of September 30, 2021 and December 31, 2020, as well as the consolidated income statements for the nine-month period ended September 30, 2021 and 2020 are shown below:

Statements of financial position	As of September 30, 2021		As of December 31, 2020	
	Assets	Liabilities	Assets	Liabilities
	S/(000)	S/(000)	S/(000)	S/(000)
Supermercados Peruanos S.A.	9,047	-	-	47,262
Plaza Vea Oriente S.A.C.	4,608	-	3,758	-
Makro Supermayorista S.A.	-	17,661	-	11,713
Centro Comercial Estación Central S.A.	8	-	5	-
Inversiones Real Estate S.A.	-	632	-	632
Real Plaza S.R.L.	5,791	-	4,632	-
Inmobiliaria Puerta del Sol S.A.	-	27,585	-	35,284
IR Management S.R.L.	213	-	82	-
InRetail Pharma S.A.	76,903	-	25,882	-
Eckerd Amazonia S.A.C.	-	-	861	-
Boticas del Oriente S.A.C.	-	-	673	-
Química Suiza S.A.C.	-	47,500	-	48,915
Cifarma S.A.C.	-	-	852	-
Vanttive S.A.C.	61	-	46	-
Droguería InRetail Pharma S.A.C.	1,123	-	1,793	-
Quicorp S.A.	1,647	-	931	-
Quifatex S.A.	10,100	-	8,201	-
Vanttive Cía Ltda.	136	-	101	-
Farmacías Peruanas S.A.C.	6,274	-	136	-
Quimiza Ltda.	970	-	766	-
Química Suiza Colombia S.A.A. (formerly Quideca S.A.)	-	-	766	-
Mifarma S.A.C.	41,351	-	26,337	-
Albis S.A.C.	8,447	-	16,047	-
Jorsa de la Selva S.A.C.	3,056	-	1,495	-
Consolidation adjustment	8,209	354,910	6,669	332,073
<b>Total</b>	<b>177,944</b>	<b>448,288</b>	<b>100,033</b>	<b>475,879</b>

Statements of comprehensive income	Income tax for the nine-month period ended September 30, 2021 and 2020	
	2021	2020
	S/(000)	S/(000)
Current	(227,416)	(216,979)
Deferred	112,520	69,212
<b>Income tax expense</b>	<b>(114,896)</b>	<b>(147,767)</b>

- (b) As of September 30, 2021 and December 31, 2020, the provision for current income tax payable, net of advanced payments, amounts to approximately S/7,344,000 and S/73,684,000, respectively.

Also, as of September 30, 2021 and December 31, 2020, non-current income related to special purpose entity tax of S/316,841,000 and S/326,683,000, respectively, is payable as a result of the net taxable income from the assets in the trusts of the InRetail Group's subsidiaries.

## Notes to the interim consolidated financial statements (continued)

### 15. Equity

#### (a) Capital stock

As of September 30, 2021 and December 31, 2020, the capital stock of InRetail Perú Corp. is represented by 102,807,319 common shares with no par value, issued at US\$10.00 each, which were totally paid and issued (equivalent to S/2,138,566,000). These shares have no restriction on the distribution of dividends or repayment of capital.

As of September 30, 2021 and December 31, 2020, the shares of InRetail Perú Corp. do not guarantee obligations contracted with third parties by the Company or any of its related parties.

#### (b) Capital premium

It corresponds to the difference between the nominal value of shares issued and their offering value. The international offering of new shares, mentioned in paragraph (a) above, was made at a price of US\$20 per share, being the issuance value of shares US\$ 10.00 per share, and recording a capital premium which is presented net of expenses related to the issuance (professional services of legal advisors, investment bankers, transaction commissions, among others) for approximately S/472,967,000 as of September 30, 2021 and December 31, 2020.

#### (c) Treasury shares

As of September 30, 2021 and December 31, 2020, the InRetail Group acquired 1,750,005 shares issued by InRetail Perú Corp., the nominal value of said shares being S/57,636,000.

#### (d) Dividends

At the General Shareholders' Meeting held on September 9, 2021, it was approved to distribute dividends in the amount of US\$70,000,000 equivalent to S/289,520,000, which corresponds to a cash dividend of US\$0.68088538 per share, which will be delivered in November 2021. Of this amount S/4,875,000 corresponds to the dividends related to treasury shares maintained by the Company.

At the General Shareholders' Meeting held on March 30, 2021, it was approved to distribute dividends in the amount of US\$70,000,000 equivalent to S/262,500,000, which corresponds to a cash dividend of US\$0.68088538 per share, which was delivered in May 2021. Of this amount, S/4,468,000 corresponds to the dividends related to treasury shares maintained by the Company.

During 2021, InRetail Pharma S.A., Subsidiary of the Company, distributed dividends to non-controlling interest for an amount of S/54,525,000.

In June and September 2021, Supermercados Peruanos S.A., Subsidiary of the Company, distributed dividends to non-controlling interest for an amount of S/4,000.

At the General Shareholders' Meeting held on April 7, 2020, it was approved to distribute dividends in the amount of US\$58,000,000 equivalent to S/197,896,000, which corresponds to a cash dividend of US\$0.56416217 per share, which was delivered in May 2020. Of this amount, S/3,369,000 corresponds to the dividends related to treasury shares maintained by the Company.

In February, April and August 2020, InRetail Pharma S.A., subsidiary of the Company, distributed dividends to the non-controlling interest for an amount of S/21,995,000.

## Notes to the interim consolidated financial statements (continued)

### 16. Tax Situation

- (a) InRetail Perú Corp. and InRetail Real Estate Corp. are incorporated in Panama, thus they are not subject to any Income Tax.

Entities and individuals not domiciled in Peru must pay an additional tax over dividends received. In this regard, attention to Legislative Decree N° 1261, the additional tax on dividend income generated is as follows:

- 4.1 percent of the profits generated until December 31, 2014.
- 6.8 percent for the profits generated in the years 2015 and 2016.
- 5.0 percent of the profits generated since January 1, 2017.

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

Country	%
Peru	29.5
Ecuador	25.0
Bolivia	25.0
Colombia	33.0

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

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

- (i) In first place, 10 percent or more of shares of the non domiciled company must be sold in a period of twelve months.
  - (ii) In second place, the market value of the Peruvian company's shares must represent 50 percent or more of the market value of the non domiciled company, in a period of twelve months.
- (d) For purposes of determining the Income Tax, transfer pricing of transactions with related companies and companies domiciled in territories with low or no taxation must be supported with documentation and information on assessment methods applied and criteria considered. Based on the analysis of the operations of the InRetail Group, Management and its legal advisors consider that as consequence of the application of the regulation in force, there will not be any significant contingencies for the InRetail Group as of September 30, 2021 and December 31, 2020.

## Notes to the interim consolidated financial statements (continued)

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

	<b>Income Tax</b>	<b>Value added tax</b>
Albis S.A.C.	From 2016 to 2020	From 2017 to 2021
Boticas del Oriente S.A.C.	From 2016 to 2020	From 2017 to 2021
Boticas Torres de Limatambo S.A.C	From 2017 to 2018	From 2017 to 2018
Droguería La Victoria S.A.C.	From 2016 to 2018	From 2017 to 2018
Eckerd Amazonía S.A.C.	From 2016 to 2020	From 2017 to 2021
Inmobiliaria Puerta del Sol S.A.	From 2016 to 2020	From 2017 to 2021
InRetail Pharma S.A. (antes Eckerd Perú S.A.)	From 2016 to 2020	From 2017 to 2021
IR Management S.R.L.	From 2016 to 2020	From 2017 to 2021
Inversiones Real Estate S.A.	From 2016 to 2020	From 2017 to 2021
Jorsa de la Selva S.A.C.	From 2016 to 2020	From 2017 to 2021
Quicorp S.A.	From 2016 to 2020	From 2017 to 2021
Mifarma S.A.C.	From 2017 to 2020	From 2017 to 2021
Quifatex S.A.	From 2019 to 2020	From 2019 to 2021
Química Suiza Comercial S.A.C.	From 2016 to 2018	From 2017 to 2018
Química Suiza S.A.C.	From 2017 to 2020	From 2017 to 2021
Quimiza Ltda.	From 2015 to 2020	From 2015 to 2021
Real Plaza S.R.L.	From 2017 to 2020	From 2017 to 2021
Centro Comercial Estación Central S.A.	From 2016 to 2020	From 2017 to 2021
Superfarma Mayorista S.A.C.	From 2016 to 2019	From 2017 to 2019
Supermercados Peruanos S.A.	From 2014 to 2020	From 2016 to 2021
Plaza Veá Oriente S.A.C.	From 2018 to 2020	From 2018 to 2021
Plaza Veá Sur S.A.C.	From 2016 to 2020	From 2017 to 2020
Desarrolladora de Strip Center S.A.C.	From 2016 to 2020	From 2017 to 2021
Farmacías Peruanas S.A.	From 2017 to 2018	From 2017 to 2018
Vanttive Cía Ltda.	From 2016 to 2020	From 2016 to 2021
Vanttive S.A.C.	From 2016 to 2020	From 2017 to 2021
Farmacías Peruanas S.A.C.	2020	From 2020 to 2021
Droguería InRetail Pharma S.A.C.	From 2019 to 2020	From 2019 to 2021
Makro Supermayorista S.A.	From 2016 to 2020	From 2017 to 2021
InRetail Foods S.A.C.	2020	From 2020 to 2021

According to Peruvian law, InRetail Consumer, InRetail Shopping Malls and Interproperties Holding, special purpose entities, are not considered an income taxpayer due to its status as a trust. InRetail Shopping Malls and Interproperties Holding attribute its generated results, the net losses and Income Tax credits on foreign source income, to the holders of its certificates of participation or whoever holds those rights. Therefore, to reflect this obligation, the Company has provisioned 30 percent of long term income tax over the profit earned to date. As of September 30, 2021 and December 31, 2020, the accrued income tax amounted to S/316,841,000 and S/326,683,000, respectively.

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

## Notes to the interim consolidated financial statements (continued)

In opinion of Management of the InRetail Group as well as its legal advisor's opinion, any eventual additional tax settlement would not be significant to the consolidated financial statements as of September 30, 2021 and December 31, 2020.

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

	<b>2021</b> S/ (000)	<b>2020</b> S/ (000)
Albis S.A.C.	-	39,395
InRetail Pharma S.A.	106,015	-
Quicorp S.A.	110	3,155
<b>Total</b>	<b>106,125</b>	<b>42,550</b>

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

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

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

## Notes to the interim consolidated financial statements (continued)

### 17. Operating expenses

(a) The table below presents the components of this caption for the nine-month period ended September 30, 2021 and 2020:

	2021	2020
	S/(000)	S/(000)
Cost of sales	9,467,701	7,477,390
Selling expenses	2,141,859	1,807,148
Administrative expenses	423,886	350,556
<b>Total</b>	<b>12,033,446</b>	<b>9,635,094</b>

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

	2021			
	Cost of sales	Selling expenses	Administrative expenses	Total
	S/(000)	S/(000)	S/(000)	S/(000)
Initial balance of goods, Note 6 (a)	2,012,314	-	-	2,012,314
Initial balance of raw material, Note 6 (a)	19,552	-	-	19,552
Initial balance of miscellaneous supplies, Note 6 (a)	550	-	-	550
Final balance of finished goods, Note 6 (a)	455	-	-	455
Purchase of goods	9,607,776	-	-	9,607,776
Final balance of goods, Note 6 (a)	(2,353,337)	-	-	(2,353,337)
Final balance of raw material, Note 6 (a)	(81)	-	-	(81)
Final balance of miscellaneous supplies, Note 6 (a)	(828)	-	-	(828)
Impairment of inventories, Note 6 (c)	18,262	-	-	18,262
Factory overhead	4,702	-	-	4,702
Cost of services	147,355	-	-	147,355
Personnel expenses	-	805,620	247,670	1,053,290
Depreciation, Note 8 (d)	1,257	182,268	15,491	199,016
Depreciation from right-of-use asset, Note 12 (b)	7,564	236,185	8,562	252,311
Amortization, Note 10 (e)	75	103,525	15,932	119,532
Services provided by third parties (b)	-	369,941	82,096	452,037
Advertising	-	106,942	166	107,108
Packing and packaging	-	23,427	561	23,988
Rental of premises	-	8,117	586	8,703
Low value assets lease	2,085	15,576	9,991	27,652
Taxes	-	33,261	18,651	51,912
Provision for doubtful trade receivables, Note 5(g)	-	22,311	61	22,372
Recovery of provision for doubtful trade receivables, Note 5(g)	-	(13,425)	(127)	(13,552)
Provision for doubtful related receivables	-	2,560	-	2,560
Provision for doubtful others receivables	-	1,086	1,243	2,329
Recovery of provision for doubtful others receivables	-	(327)	-	(327)
Insurance	-	17,683	1,341	19,024
Other charges (c)	-	227,109	21,662	248,771
<b>Total</b>	<b>9,467,701</b>	<b>2,141,859</b>	<b>423,886</b>	<b>12,033,446</b>

## Notes to the interim consolidated financial statements (continued)

	2020			
	Cost of sales	Selling expenses	Administrative expenses	Total
	S/(000)	S/(000)	S/(000)	S/(000)
Initial balance of goods	1,773,215	-	-	1,773,215
Initial balance of raw material	15,204	-	-	15,204
Initial balance of miscellaneous supplies	1,008	-	-	1,008
Final balance of finished goods	189	-	-	189
Purchase of goods	7,495,423	-	-	7,495,423
Final balance of goods	(1,968,108)	-	-	(1,968,108)
Final balance of raw material	(19,679)	-	-	(19,679)
Final balance of miscellaneous supplies	(546)	-	-	(546)
Impairment of inventories, Note 6 (c)	20,333	-	-	20,333
Factory overhead	21,398	-	-	21,398
Cost of services	124,682	-	-	124,682
Personnel expenses	-	704,220	234,854	939,074
Depreciation, Note 8 (d)	4,614	152,918	13,460	170,992
Depreciation of right-of-use assets, Note 12 (b)	9,200	215,644	4,557	229,401
Amortization, Note 10 (e)	315	44,798	10,730	55,843
Services provided by third parties (b)	-	306,833	53,908	360,741
Advertising	-	72,184	18	72,202
Packing and packaging	-	22,752	162	22,914
Rental of premises	-	21,932	28	21,960
Low value assets lease	146	14,136	6,832	21,114
Taxes	-	27,973	5,291	33,264
Provision for doubtful trade receivables, Note 5(g)	-	18,633	523	19,156
Recovery of provision for doubtful trade receivables, Note 5(g)	-	(3,339)	(42)	(3,381)
Provision for doubtful related parties receivables	-	-	-	-
Provision for doubtful other receivables	-	292	-	292
Recovery of provision for doubtful other receivables	-	(250)	(73)	(323)
Insurance	-	16,493	1,145	17,638
Other charges (c)	-	191,929	19,163	211,092
<b>Total</b>	<b>7,477,390</b>	<b>1,807,148</b>	<b>350,556</b>	<b>9,635,094</b>

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

(c) Mainly include general expenses in stores and shopping centers.

### 18. Financial costs

(a) The table below presents the components of finance costs:

	2021 S/(000)	2020 S/(000)
Interest on loans, borrowings and bonds payable	256,237	224,839
Accrual of the structuring cost of financial obligations	29,667	12,391
Accrual of the cost of structuring by early settlement of "Senior Notes Unsecured" (d)	11,983	-
Interest on lease liabilities, Note 12 (c)	80,404	69,516
Premium for early settlement of bonds (c)	47,530	-
Call Spread early settlement (e)	115,435	-
Premium accrual "Call Spread"	22,110	16,270
Derivative financial instruments measure to fair value loss (e)	-	-
Interest swap	6,050	-
Other financial costs	25,004	19,284
<b>Total</b>	<b>594,420</b>	<b>342,300</b>



## Notes to the interim consolidated financial statements (continued)

- (b) As of September 30, 2021 and December 31, 2020, there are interest payable for these obligations for approximately S/23,669,000 and S/56,293,000, respectively, which are recorded in the "Other payables" caption of the consolidated statements of financial position.
- (c) As of September 30, 2021, includes the premium corresponding to the early redemption of the "Senior Notes Unsecured" issued by InRetail Pharma S.A. in Dollars for US\$12,794,000 equivalent to S/47,530,000.
- (d) As of September 30, 2021, corresponds to the accrual of the structuring costs related to the early redemption of the "Senior Notes Unsecured" issued by InRetail Consumer in Dollars for US\$3,284,000 equivalent to S/11,983,000.
- (e) As of September 30, 2021, it corresponds to the transfer of the value over time of other comprehensive income to income for the period, related to the early settlement of the "Call Spread". See Note 7 (a) and (b).

### 19. Transactions with related parties

- (a) The following table provides the total amount of transactions that have been entered into with related parties for the nine-month period ended as of September 30, 2021 and 2020:

	2021 S/(000)	2020 S/(000)
<b>Income</b>		
Sales	20,227	19,256
Rental income	78,696	56,147
Rendering of services	16,917	11,436
Collection of commissions	6,161	6,782
Interest income	535	414
Sale of fixed assets	-	5
Other	50,112	40,540
<b>Total income</b>	<b>172,648</b>	<b>134,580</b>
<b>Expenses</b>		
Renting of premises and land	2,739	241
Reimbursement of expenses	4,319	1,160
Commissions	9,408	2,173
Interest	166	176
Other	13,323	17,028
<b>Total expenses</b>	<b>29,955</b>	<b>20,778</b>
(Loss) gain from joint ventures	-	<b>(2,195)</b>

## Notes to the interim consolidated financial statements (continued)

- (b) As a result of the transactions with related companies, the InRetail Group recorded the following balances as of September 30, 2021 and December 31, 2020:

	As of September 30, 2021 S/(000)	As of December 31, 2020 S/(000)
<b>Receivables</b>		
Homecenters Peruanos S.A. (f)	34,342	32,524
Intercorp Retail Inc. (g)	631	223
Financiera Oh! S.A.	18,710	29,547
Tiendas Peruanas S.A.	7,332	8,964
Cineplex S.A.	3,407	3,841
Tiendas Peruanas Oriente S.A.C. (d)	1,484	6,575
Bembos S.A.C.	3,568	751
Banco Internacional del Perú S.A.A.-Interbank	1,692	4,127
Homecenters Oriente	1,643	-
Interseguro Compañía de Seguros S.A.	618	314
Intercorp Perú Ltd.	515	-
IR Digital S.A.C.	459	-
Indigital	457	-
Other	41,070	18,192
<b>Total</b>	<b>115,932</b>	<b>105,058</b>
Current	89,724	78,494
Non-current	26,208	26,564
<b>Total</b>	<b>115,932</b>	<b>105,058</b>

	As of September 30, 2021 S/(000)	As of December 31, 2020 S/(000)
<b>Payables</b>		
Homecenters Peruanos S.A. (i)	44,890	40,314
Financiera Oh! S.A. (h)	15,646	18,676
Tiendas Peruanas S.A.	4,161	1,512
Inmobiliaria Milenia S.A.	1,161	254
IR Digital S.A.C.	1,653	-
Home Centers Oriente S.A.C.	15	-
Intercorp Retail Inc. (j)	168,061	24
Indigital S.A.C.	39	-
Banco Internacional del Perú S.A.A. – Interbank:		
Guarantee deposit (e)	3,107	3,393
Intercorp Peru Ltd. (j)	9,436	-
Other	1,780	3,174
<b>Total</b>	<b>249,949</b>	<b>67,347</b>
Remunerations payable to key management	-	-
<b>Total</b>	<b>249,949</b>	<b>67,347</b>
Current	208,176	24,830
Non-current	41,773	42,517
<b>Total</b>	<b>249,949</b>	<b>67,347</b>

## Notes to the interim consolidated financial statements (continued)

- (c) The policy of the InRetail Group is to make transactions with related companies at terms equivalent to those that prevail in arm's length transactions.
- (d) As of September 30, 2021 and December 31, 2020, the outstanding receivable of Tiendas Peruanas Oriente S.A.C. corresponds mainly to reimbursements of expenses for the implementation of the store "Pucallpa" for an amount of S/101,474,000, which will be financed at 3 years with a rate of 9 percent per year.

As of September 30, 2021, the Company collected S/10,636,000 as amortization of the loan.

- (e) During 2020, Supermercados Peruanos S.A. renewed the contracts with Banco Internacional del Perú to rent financial modules located within our stores for an amount of S/3,393,000. As of September 30, 2021 and December 31, 2020, the net present value of the balances related to the guarantee deposits amounted to S/3,107,000 and S/3,393,000, respectively.
- (f) Corresponds mainly to an account receivable from Homecenters Peruanos S.A. for an amount of S/26,209,000. This account receivable is due to the fact that Interproperties Perú acts as an intermediary between the lessor (unrelated third party) and Homecenters Peruanos S.A. (related party) to whom the property is leased.

Additionally, the balance of S/8,133,000, corresponds to the services received from rental of land and premises, and pending contributions from the joint venture that it has with Supermercados Peruanos, which will be collected in the fourth quarter of 2021.

- (g) In April 2021, the Company granted a loan to Intercorp Retail Inc. of US\$12,000,000 (equivalent to S/45,096,000 on the date of disbursement) that accrues an annual nominal interest of 1.670 percent and matures in July 2021. In June and September 2021, Intercorp Retail Inc. made an amortization of US\$5,000,000 (equivalent to S/19,925,000) and US\$7,000,000 (equivalent to S/28,840,000).

For the nine months ended September 30, 2021, an interest of S/408,000 was accrued, which was recorded in the caption "Financial income" of the consolidated statement of income. Likewise, as of September 30, 2021, accumulated interest receivable of US\$99,000 equivalent to S/408,000 is maintained.

Additionally, an account receivable of S/223,000 is maintained, corresponding to certain expenses assumed by InRetail Perú Corp. in favor of Intercorp Retail Inc. The balance receivable from Intercorp Retail Inc. does not generate interest, has current maturities and does not have specific guarantees.

- (h) In June 2013, Supermercados Peruanos S.A. and Financiera Oh! S.A., a related entity, signed the "Contract of Issuance and Administration" of the Oh! credit card. Said contract established that Financiera Oh! S.A. can exclusively operate its "Oh! credit card" in the Supermercados Peruanos stores, instead of the "Vea" credit card of Banco Internacional del Perú S.A.A. –Interbank, which was operating until that moment. Also, as a result of this agreement, as of September 30, 2021 and December 31, 2020, the InRetail Group holds accounts payables to Financiera Oh! S.A for S/15,646,000 and S/18,222,000, respectively, which correspond mainly to the collection of installments from users of the Oh! Credit card S/12,736,000 and S/17,271,000 as of September 30, 2021 and December 31, 2020.

## Notes to the interim consolidated financial statements (continued)

- (i) As of September 30, 2021 mainly includes contributions from the affiliate Homecenters Peruanos S.A. (hereinafter “The associate”) for approximately S/38,666,000 (S/39,124,000 as of December 31, 2020), these contributions arise from the joint venture agreement celebrated with the Company which establishes that the associate will deliver cash in favor of the Company in exchange of having a participation in the results of the projects of “Lurín” and “Tarapoto”. These agreements have a term of 60 years, for this reason it is recognized as a long-term liability.
- (j) Corresponds to dividends declared by the Company and that will be paid in November.
- (k) Banco Internacional del Perú S.A.A. – Interbank signed leasing and leaseback contracts with Supermercados Peruanos S.A. and Real Plaza S.R.L. with outstanding balances of approximately S/101,515,000 and S/42,000 respectively, for the construction of new stores and working capital. These leasing contracts accrue annual interest rates that fluctuate between 3.99 and 4.53 percent, and whose maturities are between 2022 and 2026. These transactions are included in “Interest-bearing loans and borrowings”. During the nine-month period ended September 30, 2021 and 2020, leasing contracts generated interests recorded in the “Financial costs” caption of the consolidated income statements.
- (l) Outstanding balances at the period-end are unsecured and interest free, except for the financial obligations explained in this note. There have been no guarantees provided or received for any related party receivables or payables. As of September 30, 2021 and December 31, 2020, the InRetail Group has not recorded any impairment of receivables relating to amounts owed by related parties. This assessment is undertaken each financial year by evaluating the financial position of the related party and the market in which the related party operates.
- (m) The compensation of key management personnel of the InRetail Group for the nine-month period ended September 30, 2021 and 2020, is detailed below:

	<b>2021</b>	<b>2020</b>
	S/(000)	S/(000)
Short term employee benefits	48,347	47,474
Insurance and medical benefits	1,511	1,230
Employment benefits for contract termination	<u>2,067</u>	<u>3,545</u>
<b>Total</b>	<b><u>51,925</u></b>	<b><u>52,249</u></b>

- (n) As of September 30, 2021 and December 31, 2020, the InRetail Group maintains the following balances in the cash and cash equivalent and investments at fair value through profit or loss captions:

	<b>As of September 30, 2021</b>	<b>As of December 31, 2020</b>
	S/(000)	S/(000)
<b>Cash and short-term deposits</b>		
Banco Internacional del Peru – Interbank S.A.A.	536,820	236,070
Inteligo Bank Ltd.	1,892	824
<b>Investments at fair value through profit or loss</b>		
Interfondos S.A. Sociedad Administradora de Fondos SAF	-	40,869
Fondos Sura SAF S.A.C.	2,002	195,876
Corporate Bond Colegios Peruanos	-	5,650

## Notes to the interim consolidated financial statements (continued)

### 20. Earnings per share

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

The following reflects basic and diluted earnings per share computations:

	Ordinary shares		
	Outstanding shares	Effective days until period-end	Weighted average of shares
Number as of January 1, 2020	102,807,319	270	102,807,319
Number as of September 30, 2020	102,807,319		102,807,319
Number as of January 1, 2021	102,807,319	270	102,807,319
Number as of September 30, 2021	102,807,319		102,807,319
<b>For the nine-month period ended September 30, 2021</b>			
	<b>Net income (numerator)</b>	<b>Shares (denominator)</b>	<b>Earnings per share</b>
	S/		S/
Basic and diluted earnings per share	106,790,000	102,807,319	1.039
<b>For the nine-month period ended September 30, 2020</b>			
	<b>Net income (numerator)</b>	<b>Shares (denominator)</b>	<b>Earnings per share</b>
	S/		S/
Basic and diluted earnings per share	225,385,000	102,807,319	2.192

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these Consolidated Financial Statements.

### 21. Commitments and contingencies

#### Commitments

The main commitments assumed are presented below:

- As of September 30, 2021 the Company and its Subsidiaries agreed with several financial entities on the issuance of solidary and irrevocable letters of guarantee for approximately S/71,912,000, US\$5,360,000, and B\$177,000 (S/63,095,000, US\$6,785,000 and B\$104,000 as of December 31, 2020), respectively, to comply with the payment of goods purchased to foreign suppliers and commit with the fulfillment of the contracts.

## Notes to the interim consolidated financial statements (continued)

### Contingencies

- (a) InRetail Pharma S.A., Albis S.A.C., Química Suiza S.A.C., Mifarma S.A.C., Jorsa de la Selva S.A.C. and Vantive S.A.C. maintain various claims for civil, labor and tax processes for an approximate total amount of S/54,005,000. In the opinion of Management and its legal advisors, said processes should be resolved favorably for these components, in opinion of Management, it is not necessary to record additional liabilities for these items as of September 30, 2021 and December 31, 2020.
- (b) Eckerd Amazonía S.A.C. is in the process of claiming against the Tax Authority for determinations of debts and fines related to VAT for the period between January 2003 and September 2005 for an approximate amount of S/17,943,000. In opinion of Management and its legal advisors these contingencies are stated as possible, and significant liabilities will not arise as result of this contingency as of September 30, 2021 and December 31, 2020. In July 2021, the tax court issued an unfavorable resolution to the Company for which a payment of S/17,943,000 has been made and recognized an expense of S/9,636,0000, the Company will continue with the claim.
- (c) Supermercados Peruanos S.A. has been examined by the Tax Authority of Income Tax returns and monthly Value Added Tax returns for the years 2004 to 2010, 2013 and 2015. As of the date of this report, Supermercados Peruanos S.A. has challenged the Tax Administration for these resolutions and, in Management's opinion and its legal advisors, significant liabilities will not arise as result of this situation as of September 30, 2021 and December 31, 2020.

## 22. Business segments

For management purposes, the InRetail Group is organized into business units based on their products and services and has four reportable segments as follows:

- The food retail segment operates supermarkets, hypermarkets, discount stores and cash and carry stores nationwide.
- The pharmacies segment is a nationwide supplier of drugs, medicines and cosmetic related products through the chain of pharmacies named "Inkafarma" and "Mifarma".
- The Manufacturing, Distribution and Marketing segment of drugs, medicines and consumer products.
- Shopping center segment leases commercial stores in shopping centers owned by the InRetail Group.

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 consolidated financial statements.

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

As of September 30, 2021 and December 31, 2020 and for the nine-month period ended September 30, 2021 and 2020, InRetail Peru Corp. is mainly organized into four business lines; see Note 2. Transactions between segments are carried out under normal commercial terms and conditions.

## Notes to the interim consolidated financial statements (continued)

As of September 30, 2021 and December 31, 2020 and for the nine-month period ended September 30, 2021 and 2020, InRetail Peru Corp. is organized into four main business lines, see Note 2. Transactions between the business segments are carried out under normal commercial terms and conditions. The following table presents the financial information of InRetail Perú Corp. and subsidiaries by business segments for the nine-month period ended September 30, 2021 and 2020

	Food Retail S/(000)	Pharmacies S/(000)	Manufacturing Distribution and Marketing S/(000)	Shopping Center S/(000)	Total segments S/(000)	Holding accounts, consolidation adjustments and intercompany eliminations S/(000)	Consolidated S/(000)
<b>For the nine-month period ended September 30, 2021</b>							
<b>Revenue</b>							
External income	6,730,378	4,478,595	1,546,973	323,895	13,079,841	13,517	13,093,358
Inter-segment	10,434	26,762	538,565	44,533	620,294	(620,294)	-
<b>Total revenue</b>	<b>6,740,812</b>	<b>4,505,357</b>	<b>2,085,538</b>	<b>368,428</b>	<b>13,700,135</b>	<b>(606,777)</b>	<b>13,093,358</b>
Cost of sales	(5,151,229)	(2,890,467)	(1,292,819)	(128,880)	(9,463,395)	(4,306)	(9,467,701)
Inter-segment	(497)	(22,988)	(535,197)	-	(558,682)	558,682	-
<b>Gross profit</b>	<b>1,589,086</b>	<b>1,591,902</b>	<b>257,522</b>	<b>239,548</b>	<b>3,678,058</b>	<b>(52,401)</b>	<b>3,625,657</b>
(Loss) gain on valuation at fair value of investment properties	(3,728)	-	-	45,194	41,466	(3,296)	38,170
Selling expenses	(1,043,270)	(899,308)	(133,736)	(15,071)	(2,091,385)	(50,474)	(2,141,859)
Administrative expenses	(161,917)	(164,587)	(50,118)	(25,101)	(401,723)	(22,163)	(423,886)
Other operating (expenses) income, net	(2,084)	1,622	2,203	(375)	1,366	(3,847)	(2,481)
<b>Operating profit</b>	<b>378,087</b>	<b>529,629</b>	<b>75,871</b>	<b>244,195</b>	<b>1,227,782</b>	<b>(132,181)</b>	<b>1,095,601</b>
Exchange difference, net	(155,753)	(47,023)	7,124	(116,330)	(311,982)	21,561	(290,421)
Finance income	2,156	213,387	173,860	28,064	417,467	(406,541)	10,926
Finance costs	(164,037)	(261,049)	(5,335)	(171,400)	(601,821)	7,401	(594,420)
<b>Profit before income tax</b>	<b>60,453</b>	<b>434,944</b>	<b>251,520</b>	<b>(15,471)</b>	<b>731,446</b>	<b>(509,760)</b>	<b>221,686</b>
Income tax expense	(25,187)	(76,745)	(21,172)	3,688	(119,416)	4,520	(114,896)
<b>Profit for the period</b>	<b>35,266</b>	<b>358,199</b>	<b>230,348</b>	<b>(11,783)</b>	<b>612,030</b>	<b>(505,240)</b>	<b>106,790</b>
<b>Attributable to:</b>							
Owners of the parent	35,266	358,199	230,348	(11,783)	612,030	(523,658)	88,372
Non-controlling interests	-	-	-	-	-	18,418	18,418
<b>Profit for the period</b>	<b>35,266</b>	<b>358,199</b>	<b>230,348</b>	<b>(11,783)</b>	<b>612,030</b>	<b>(505,240)</b>	<b>106,790</b>

Notes to the interim consolidated financial statements (continued)

	Food Retail S/(000)	Pharmacies S/(000)	Manufacturing Distribution and Marketing S/(000)	Shopping Center S/(000)	Total segments S/(000)	Holding accounts, consolidation adjustments and intercompany eliminations S/(000)	Consolidated S/(000)
<b>For the nine-month period ended September 30, 2020</b>							
<b>Revenue</b>							
External income	4,983,385	3,902,870	1,353,717	227,480	10,467,452	7,818	10,475,270
Inter-segment	8,913	22,884	495,825	40,327	567,949	(567,949)	-
<b>Total revenue</b>	<b>4,992,298</b>	<b>3,925,754</b>	<b>1,849,542</b>	<b>267,807</b>	<b>11,035,401</b>	<b>(560,131)</b>	<b>10,475,270</b>
Cost of sales	(3,704,436)	(2,532,468)	(1,119,459)	(108,660)	(7,465,023)	(12,367)	(7,477,390)
Inter-segment	(4,562)	(18,806)	(501,691)	-	(525,059)	525,059	-
<b>Gross profit</b>	<b>1,283,300</b>	<b>1,374,480</b>	<b>228,392</b>	<b>159,147</b>	<b>3,045,319</b>	<b>(47,439)</b>	<b>2,997,880</b>
Join Venture loss	(2,195)	-	-	-	(2,195)	-	(2,195)
Loss on valuation at fair value of investment properties	(5,192)	-	-	(31,935)	(37,127)	6,618	(30,509)
Selling expenses	(877,384)	(784,782)	(130,635)	(14,660)	(1,807,461)	313	(1,807,148)
Administrative expenses	(120,117)	(145,150)	(54,716)	(22,350)	(342,333)	(8,223)	(350,556)
Other operating (expenses) income, net	754	1,853	1,102	(470)	3,239	(1,193)	2,046
<b>Operating profit</b>	<b>279,166</b>	<b>446,401</b>	<b>44,143</b>	<b>89,732</b>	<b>859,442</b>	<b>(49,924)</b>	<b>809,518</b>
Exchange difference, net	(65,304)	(33,962)	50	(14,468)	(113,684)	11,799	(101,885)
Finance income	1,949	71,191	64,025	24,693	161,858	(154,039)	7,819
Finance costs	(108,548)	(137,848)	(13,159)	(112,622)	(372,177)	29,877	(342,300)
<b>Profit before income tax</b>	<b>107,263</b>	<b>345,782</b>	<b>95,059</b>	<b>(12,665)</b>	<b>535,439</b>	<b>(162,287)</b>	<b>373,152</b>
Income tax expense	(40,803)	(87,947)	(17,632)	3,082	(143,300)	(4,467)	(147,767)
<b>Profit for the period</b>	<b>66,460</b>	<b>257,835</b>	<b>77,427</b>	<b>(9,583)</b>	<b>392,139</b>	<b>(166,754)</b>	<b>225,385</b>
<b>Attributable to:</b>							
Owners of the parent	66,460	257,835	77,427	(9,583)	392,139	(192,054)	200,085
Non-controlling interests	-	-	-	-	-	25,300	25,300
<b>Profit for the period</b>	<b>66,460</b>	<b>257,835</b>	<b>77,427</b>	<b>(9,583)</b>	<b>392,139</b>	<b>(166,754)</b>	<b>225,385</b>



## Notes to the interim consolidated financial statements (continued)

Income and expenses of the Company are not allocated to individual segments as the underlying instruments are managed on an InRetail Group basis and are reflected in the adjustments and eliminations column. Additionally, Inter-segment revenues are eliminated upon combination and reflected also in the "Adjustments and eliminations" column.

### Geographic information

As of September 30, 2021 and December 31, 2020, the operations of all the Company's Subsidiaries are mainly carried out in Peru, with income and assets from abroad not being significant at those dates.

## 23. Objectives and policies of financial risk management

Risk is inherent to the InRetail Group's activities, however, it is 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 InRetail Group's continuing profitability and each employee within InRetail Group is accountable for the risk exposures relating their responsibilities.

The InRetail Group is exposed to market risk, credit risk, liquidity risk and capital management risk.

### (a) Credit risk

Credit risk is the risk that a counterpart will not meet its obligations under a financial instrument or other contract, generating a financial loss. The InRetail Group is exposed to credit risk from its operating activities (mainly from trade receivables) and from its financing activities, including deposits with banks, investments and derivative instruments.

This risk is managed by the Financial Managers in accordance with the Board's principles to minimize risk concentration and, consequently, mitigate financial losses from potential breach of the counterpart. The maximum exposure to credit risk of the components of the consolidated financial statements as of September 30, 2021 and December 31, 2020, arises from the captions accounts "Cash and cash equivalents", "Trade receivables", "Accounts receivables from related parties", "Financial instruments at fair value through profit or loss and other comprehensive income" and "Derivative financial instruments". The maximum exposure to credit risk of the components of the consolidated financial statements as of September 30, 2021 and December 31, 2020, is their book value, net of the respective provisions for impairment.

### (b) Market risk

Market risk is the risk of suffering losses in the consolidated statements of financial position 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 InRetail Group 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 Financial Managers of the Subsidiaries are responsible for identifying, measuring, controlling and informing on the exposure to global exchange rate risk of the Group. As of September 30, 2021, the InRetail Group maintains "Call Spread", "Range Principal Only Swap", and "Full Cross-Currency Swap" contracts for a total notional amount of US\$950,000,000 (As of December 31, 2020, Call Spread for a total notional amount of US\$750,000,000), respectively, to reduce its foreign currency risk related to the Senior Notes issued and the intercompany loans. These derivative financial instruments have been qualified as effective hedging instruments; see further detail in note 13.

## Notes to the interim consolidated financial statements (continued)

ii. Interest rate risk

The interest rate risk is the risk that the future fair values or cash flows of a financial instrument fluctuate due to changes of the market interest rates. The InRetail Group's policy is to hold financial instruments that accrue fixed interest rates, therefore, the operating cash flows of the InRetail Group are substantially independent of changes in the market's interest rates. In this sense, in the opinion of the InRetail Group's Management, they are not significantly exposed to interest rate risk.

iii. Price risk

The InRetail Group's exposure to this risk is due to changes in the prices of variable income financial instruments, classified in the consolidated statement of financial position as financial instruments at fair value through profit or loss.

(c) Liquidity risk

It is the risk that the InRetail Group 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, the Management of InRetail Group focuses its efforts to maintain funding sources through the availability of credit lines.

(d) Capital management risk

The InRetail Group actively manages a solid capital structure in order to cover the risks inherent to its activities. The adequacy of the capital structure of the InRetail Group is controlled using, among other measures, ratios established by Management.

When the InRetail Group manages the capital, it has the following objectives, in addition to ensuring the "Consolidated equity" shown in the consolidated statement of financial position: (i) to ensure the continuity of the operations of the Company and its Subsidiaries so that they continue to provide returns to shareholders and benefits to other participants; (ii) maintain a strong optimal capital structure to support the development of its activities.

Changes haven't been made to the objectives, process or policies in capital management during the periods ended on September 30, 2021 and December 31, 2020.

### 24. Fair value

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

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

## Notes to the interim consolidated financial statements (continued)

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

(a) Financial instruments whose fair value is similar to book value

Assets and liabilities that are liquid or have short maturities (less than three months), such as cash and short-term deposits, trade and other receivables, trade and other payables and other current liabilities, approximate to their carrying amounts largely due to the short-term maturities of these instruments. Also, the derivative instrument by the InRetail Group is recorded at 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 instrument. The estimated fair value of interest-bearing deposits is determined through discounted cash flows by using market interest rates in the prevailing currency with similar maturities and credit risks.

(c) Investment to fair value through equity

Fair value of investment through equity is derived from quoted market prices in active markets, if available. Fair value of unquoted available-for-sale financial assets is estimated using a discounted cash flow technique.

### **Fair value hierarchy**

The InRetail Group uses the following hierarchy for determining and disclosing the fair value of its financial instrument recorded in the statement of financial position:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

The InRetail Group does not maintain any financial instrument with fair value determination under level 3 and there were no transfers between levels during the nine-month period ended September 30, 2021 and 2020. The InRetail Group maintains the following financial instruments at fair value:

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

## **25. 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 September 30, 2021, the end of period exchange rates in the market for transactions in US Dollars were S/4.132 per US\$1.00 bid and S/4.136 per US\$1.00 ask (S/3.618 and S/3.624 per US\$1.00 for bid and ask as of December 31, 2020).

## Notes to the interim consolidated financial statements (continued)

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

Exchange rate per Soles	2021	2020
U. S. Dollars (US\$)	0.242	0.276
Bolivianos (B\$)	1.683	1.921
Colombian Peso (\$)	-	947.158

As of September 30, 2021 and December 31, 2020, the InRetail Group held the following foreign currency assets and liabilities:

	As of September 30, 2021		As of December 31, 2020		
	US\$(000)	B\$ (000)	US\$(000)	B\$ (000)	\$ (000)
<b>Assets</b>					
Cash and short-term deposits	107,788	23,101	32,755	18,278	621,811
Investments at fair value through profit or loss	-	-	8,928	-	-
Trade receivables, net	51,573	29,198	57,870	47,684	9,054,828
Other accounts receivables, net	11,894	5,597	4,676	4,732	-
Accounts receivable from related parties	1,349	-	1,773	-	-
<b>Total assets</b>	<b>172,604</b>	<b>57,896</b>	<b>106,002</b>	<b>70,694</b>	<b>9,676,639</b>
<b>Liabilities</b>					
Trade payables	(131,882)	(18,419)	(119,432)	(16,909)	(4,310,221)
Other payables	(8,085)	(7,569)	(16,364)	(8,111)	-
Accounts payable to related parties	(874)	-	(1,347)	-	-
Lease liability	(253,176)	(1,563)	(277,872)	(1,983)	-
Interest - bearing loans and borrowings	(631,967)	-	(1,144,395)	-	(2,989,968)
<b>Total Liabilities</b>	<b>(1,025,984)</b>	<b>(27,551)</b>	<b>(1,559,410)</b>	<b>(27,003)</b>	<b>(7,300,189)</b>
Hedge amount	950,000	-	750,000	-	-
<b>Net asset (liability) position</b>	<b>96,620</b>	<b>30,345</b>	<b>(703,408)</b>	<b>43,691</b>	<b>2,376,450</b>

As of September 30, 2021, InRetail Shopping Malls, InRetail Pharma S.A., Supermercados Peruanos S.A. and InRetail Consumer, Subsidiaries of the Company, reduced their exchange rate risk with nine hedging operations through four Call Spreads, one Full Cross-Currency Swap and four Range Principal Only Swap (two "Call Spread" contracts as of December 31 2020) written over its "Senior Notes Unsecured", "Senior Secured Notes", and intercompany loans, which were considered effective hedging instruments.

The Call Spreads have been subscribed for a nominal value of US\$250,000,000, US\$138,000,000, US\$138,000,000, US\$24,000,000, the Full Cross-Currency Swap US\$100,000,000, and the Range Principal Only Swap for US\$100,000,000, US\$100,000,000, US\$50,000,000 and US\$50,000,000 (Call Spreads US\$250,000,000 and US\$ 400,000,000 as of December 31 2020) and will be effective until maturity of the "Senior Notes Unsecured", "Senior Secured Notes" and intercompany loans, see note 7.

## Notes to the interim consolidated financial statements (continued)

### 26. Subsequent event

- (a) The Company's management and Subsidiaries continue monitoring the evolution of the situation and the guidance of national and international authorities, since events beyond Management's control may arise that require modifying the established business plan. Further spread of COVID-19 and subsequent measures taken to limit the spread of the disease could affect the ability to conduct business in the normal way and therefore affect financial condition and results of operations.
- (b) At the General Shareholders' Meeting of InRetail Pharma S.A., on October 6, 2021, the distribution of dividends for an amount of S/35,000,000 was agreed.
- (c) On October 4, 2021, InRetail Consumer, a subsidiary of the Company, acquired 99.99 percent of the shares of InDigital S.A.C. and IR Digital S.A.C. for a total amount of S/60,154,000.

### 27. Additional explanation for English translation

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