

Unaudited Interim Condensed Consolidated Financial
Statements

Cable Onda, S. A. and Subsidiaries

For the three months ended March 31, 2020

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Cable Onda, S.A. and Subsidiaries
Unaudited Interim Condensed Consolidated Statement of Financial
Position as of March 31, 2020

(Figures stated in B/. balboas)

		March 2020		December 2019 (audited)	
<i>Notes</i>	Assets				
	Current Assets				
	4 Cash	B/.	74,358,975	B/.	60,693,300
	5,14 Accounts receivable, net		76,613,161		72,693,472
	Other accounts receivable		13,344,913		5,630,846
	Contract assets		1,992,883		1,862,040
	6 Inventory		25,740,603		26,264,923
	Prepaid expenses		8,905,697		5,597,905
	Prepaid taxes		-		1,031,380
			<u>200,956,232</u>		<u>173,773,866</u>
	Non-current assets				
	Severance fund		2,048,352		2,034,259
	Guarantee deposits and other assets		663,482		655,682
	7 Intangible assets, net		185,093,458		190,579,015
	3 Goodwill		497,140,060		497,140,060
	8 Right of use assets, net		105,451,401		111,490,472
	9 Property, furniture, equipment and leasehold improvements, net		420,643,806		426,071,276
			<u>1,211,040,559</u>		<u>1,227,970,764</u>
	TOTAL ASSETS	B/.	<u>1,411,996,791</u>	B/.	<u>1,401,744,630</u>

Cable Onda, S.A. and Subsidiaries
Unaudited Interim Condensed Consolidated Statement of Financial
Position as of March 31, 2020

(Figures stated in B/. balboas)

<i>Notes</i>	March 2020	December 2019 (audited)
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
10, 14 Accounts payable	B/. 61,495,579	B/. 74,850,804
Lease liabilities	15,400,780	19,128,403
11 Employee benefits	9,297,271	11,927,929
Customer deposits	4,250,033	4,313,951
13 Deferred income	12,458,381	13,062,214
Accrued expenses and other liabilities	38,964,247	34,704,799
Income tax payable	11,626,409	-
	153,492,700	157,988,100
Non-current liabilities		
Lease liabilities	98,168,461	99,029,375
12 Long-term debt	150,000,000	150,000,000
14 Other long-term liabilities, net	768,515,622	768,015,543
13 Deferred income	21,164,156	20,850,559
20 Deferred income tax	38,799,000	39,800,007
Obligations for retirement of assets and other liabilities	12,204,773	11,989,469
Non-current liabilities	1,088,852,012	1,089,684,953
Stockholders' equity		
Issued capital: 243,356 common shares with no par value, issued and outstanding	57,648,922	57,648,922
Additional paid-in capital	896,000	746,000
Supplemental tax	(614,227)	(614,227)
Retained earnings	111,950,248	96,537,316
	169,880,943	154,318,011
Non-controlling interest	(228,864)	(246,434)
Total stockholders' equity	169,652,079	154,071,577
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	B/. 1,411,996,791	B/. 1,401,744,630

Cable Onda, S.A. and Subsidiaries
Unaudited Interim Condensed Consolidated Statement of Income /
Comprehensive income
For the three months ended March 31, 2020 and 2019

(Figures stated in B/. balboas)

<i>Notes</i>	Revenue	January to March 2020	January to March 2019
	TV subscriptions	B/. 34,197,121	B/. 38,207,755
	Data transmission, internet and data center	45,478,426	44,257,444
	Fixed-line services	10,337,509	11,790,777
	Mobile services	51,411,465	-
	Sales of mobile equipment	4,131,666	-
	Projects and solutions	1,988,464	3,521,765
15	Other services and revenue	2,472,613	689,129
		<u>150,017,264</u>	<u>98,466,870</u>
	Costs and expenses		
16	Programming and operating costs	35,721,809	21,478,644
17	Depreciation and amortization	37,820,869	23,775,048
18	Personnel expenses	17,011,698	13,789,260
19	General, sales and administrative expenses	27,127,901	20,071,544
		<u>117,682,277</u>	<u>79,114,496</u>
	Operating income	32,334,987	19,352,374
	Financial expense	13,300,441	3,677,872
	Income before tax	19,034,546	15,674,502
20	Income tax	(3,744,149)	(4,033,882)
	Net income / Total comprehensive income	B/. 15,290,397	B/. 11,640,620
	Attributable to:		
	Owners of the Company	15,272,827	11,661,696
	Non-controlling interest	17,570	(21,076)
	Net income / Total comprehensive income	B/. 15,290,397	B/. 11,640,620

Cable Onda, S.A. and Subsidiaries
Unaudited Interim Condensed Consolidated Statement of Changes in Stockholders' Equity
For the three months ended March 31, 2020 and 2019

(Figures stated in B/. balboas)

		<i>Attributable to the Controlling Interest</i>													
		Issued Capital		Additional paid-in capital		Supplemental tax		Retained Earnings		Total		Non-controlling interest		Total stockholder's equity	
January 1, 2019	B/.	57,648,922	B/.	-	B/.	(577,952)	B/.	41,027,269	B/.	98,098,239	B/.	(267,238)	B/.	97,831,001	
Net income (loss)		-		-		-		11,661,696		11,661,696		(21,076)		11,640,620	
March 31, 2019		57,648,922		-		(577,952)		52,688,965		109,759,935		(288,314)		109,471,621	
January 1, 2020	B/.	57,648,922		746,000	B/.	(614,227)	B/.	96,537,316	B/.	154,318,011	B/.	(246,434)	B/.	154,071,577	
Share-based compensation		-		150,000		-		-		150,000		-		150,000	
Supplemental tax						-		140,105		140,105		-		-	
Net income		-		-		-		15,272,827		15,272,827		17,570		15,290,397	
March 31, 2020	B/.	57,648,922	B/.	746,000	B/.	(614,227)	B/.	111,950,248	B/.	169,880,943	B/.	(228,864)	B/.	169,652,079	

Cable Onda, S.A. and Subsidiaries
Unaudited Interim Condensed Consolidated Statement of Cash Flows
For the three months ended March 31, 2020 and 2019

(Figures stated in B/. balboas)

Notes	March 2020	March 2019
Cash flows from operating activities		
	B/.	B/.
	19,034,546	15,674,502
	Adjustments for:	
9	24,244,578	20,421,883
8	6,919,792	1,524,872
7	6,656,499	1,828,293
	-	376,090
19	2,041,718	1,565,134
	500,079	-
	13,300,441	3,711,242
	150,000	-
	72,847,653	45,102,016
Cash flows before changes in working capital		
	(5,961,407)	(4,233,609)
	(7,714,067)	(468,151)
	(130,843)	-
	524,320	4,125,362
	(3,307,792)	(8,707,728)
	(7,800)	(4,692)
	(5,302,487)	7,926,511
	(2,630,658)	(7,556,239)
	2,076,993	14,149,037
	(63,918)	(130,293)
	(290,236)	(1,146,345)
	215,304	-
	50,255,062	49,055,869
Cash generated from operations		
	-	(7,264)
	(11,117,986)	(1,920,659)
	(1,376,881)	-
	-	(145,062)
	37,760,195	46,982,884
Net cash flows provided by operating activities		
Cash flows from investing activities		
	(14,093)	(25,212)
	(1,170,942)	(891,392)
	(18,817,108)	(52,717,483)
	(20,002,143)	(53,634,087)
Net cash flows used in investing activities		
Cash flows from financing activities		
	-	19,500,000
	-	(1,363,637)
	(4,092,377)	-
	(4,092,377)	18,136,363
Net cash flows (used in) provided by financing activities		
	13,665,675	11,485,160
	60,693,300	6,485,666
	74,358,975	17,970,826
	B/.	B/.
	74,358,975	17,970,826
Cash at end of period		

Cable Onda, S.A. and Subsidiaries

Notes to the Unaudited Interim Condensed Consolidated Financial Statements

March 31, 2020

(Figures stated in B/. balboas)

1. Corporate information

Cable Onda, S.A. (“Cable Onda” or the “Company”) was incorporated under the laws of the Republic of Panama, beginning operations in April 1991. The Company’s main offices are located at Boulevard Costa del Este, Edificio Mapfre, 4th floor.

Cable Onda is primarily engaged in providing cable television service, high-tech telecommunication services that include the transmission, storage and hosting of data, information backup and retrieval, internet access, application and e-commerce services, cable modem and basic residential and corporate telephone service with both national and international long distance service. These services are under the supervision of the National Public Services Authorities of the Republic of Panama (ASEP).

The interim condensed consolidated financial statements of the Group for the three months ended March 31, 2020 were authorized for issuance by Management on May 25th, 2020.

2. Basis for Preparation and accounting policies

The interim condensed consolidated financial statements as of March 31, 2020 and for the three months ended March 31, 2020 and 2019 have been prepared in accordance with IAS 34 Interim Financial Information. In management's opinion, these interim condensed consolidated financial statements reflect all the adjustments necessary for an adequate presentation of results in interim periods. The Group's operations are not affected by significant cyclical or temporary patterns.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and must be read in conjunction with the Group's annual consolidated financial statements as of December 31, 2019.

COVID-19 - Qualitative and quantitative assessment on business activities, financial situation and economic performance

The outbreak of a novel and highly contagious form of coronavirus (“COVID-19”), which the World Health Organization has declared to constitute a pandemic, has resulted in numerous deaths, adversely impacted global commercial activity and contributed to significant volatility in global equity and debt markets. The impact of the outbreak is rapidly evolving and most countries globally, including Panama, have reacted by implementing severe restrictions on travel and public gatherings, including the closing of offices, businesses, schools, retail stores and other public venues, and by instituting curfews or quarantines.

Such measures, as well as the general uncertainty surrounding the dangers of COVID-19, have produced a significant disruption in economic activity and are having an adverse impact on transportation, hospitality, tourism, entertainment and other industries. As a result, many economists now project a severe global recession and a contraction in economic activity in Panama and the broader Latin America region in 2020.

Impact on our markets and business

Our business is at the core of the contingency plans for the millions of individuals and companies who rely on us to connect them to their family and friends, business partners, and to the world. As a result, we have observed an increase in traffic on our fixed networks since the onset of the pandemic, whilst the impact on our mobile networks have been more modest. However, we have also seen the negative impact of the disruption to our sales and distribution channels caused by reduced foot traffic and by the closure or reduced operating activities of some of our stores and points of sale. These disruptions impact our ability to service and to collect from our customers and to sell products and services, including postpaid mobile and residential cable subscriptions and prepaid SIM cards and top-ups.

Cable Onda, S.A. and Subsidiaries
Notes to the Unaudited Interim Condensed Consolidated Financial Statements
March 31, 2020

(Figures stated in B/. balboas)

2. Basis for Preparation and accounting policies (Continued)

Government has mandated that company such as ours avoid disconnecting clients for non-payment, that we waive fees for late payments, and/or that we defer late payments over an extended period, among other measures. Unfortunately, news headlines related to the implementation of such regulatory measures have, at times, created some confusion among our customers and has exacerbated the disruption to our collections.

We are working closely with the government to ensure our full compliance with the measures and we have gradually rolled out "lifeline products" to all our markets to retain customers who are temporarily unable to pay for our services, while also providing an incentive for other customers to continue to pay fully and in a timely manner.

Finally, our supply chain continues to function without any meaningful interruption, and we have taken steps to continue to secure sufficient inventory and supplies.

Management action

It is difficult to predict whether the challenges we have been facing since mid-March will continue for the remainder of 2020 or 2021 and beyond, but we have implemented cost savings initiatives and reduced our investment plans, with the aim of preserving our strong cash flow and liquidity in 2020.

Despite the difficulties caused by COVID-19, we remain in compliance with the covenants required by our financial instruments.

Impact on accounting matters

As COVID-19 continues to spread, the potential impacts, including a global, regional or other economic recession, are increasingly uncertain and difficult to assess. Nevertheless, we have identified potential significant accounting implications in the following areas:

○ *Impairment of non-financial assets/goodwill*

We have noticed reduced economic activity and our operation is suffering lower revenues, EBITDA and margins, which might indicate potential impairments. Given this outbreak is still very recent and considering the uncertainty of its effects on future periods, management believes it is too early to re-perform a complete impairment test in the first quarter of 2020.

○ *Impairment of trade receivables / Revenue recognition*

Given the very recent outbreak in our markets, we did not see any significant effects on collections as of March closing. However, this area is monitored very closely by management. As such, IFRS 9 provision matrix and bad debt provisions are being updated on a regular basis to reflect the probability for the Combined Group of collecting receivables. While no significant effects have been noted so far, the liquidity risk may increase in the coming months.

In addition, the Combined Group continues to monitor and review revenue recognition in accordance with the requirements of IFRS 15, in particular with respect to the probability of collectability, particularly due to government is mandating continuity of service.

Note that there might be implications on other accounting areas such as revenue recognition, inventories or share-based payments, but we currently do not expect these to be significant as of today.

Finally, as of the date of this report, we have determined there are no material uncertainties that might cast significant doubt upon the Combined Group's ability to continue as a going concern.

Cable Onda, S.A. and Subsidiaries
Notes to the Unaudited Interim Condensed Consolidated Financial Statements
March 31, 2020

(Figures stated in B/. balboas)

2. Basis for Preparation and accounting policies (Continued)

2.1. New standards, interpretation and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with that followed in the preparation of the Group's annual consolidated financial statements for the year ended December 31, 2019. The Group has not early adopted any other standard, interpretation or amendment that has been issued but has not yet entered into force.

The following new or changed standards became applicable for the current reporting period and had no significant impact on the Group's accounting policies or disclosures and did not require retroactive adjustment:

2.2. New standards, interpretation and amendments adopted by the Group

- Amendments to the conceptual framework. The IASB has revised its conceptual framework. The Group does not expect that these amendments will have a substantial impact on the consolidated financial statements.
- Amendments of IFRS 9, IAS39 and IFRS 7 – Interest Rate Benchmark Reform.
- Amendments to IFRS 3 - definition of a business. This amendment revises the definition of a business. The Group does not expect that these amendments will have a substantial impact on the financial statements.
- Amendments to IAS 1, "Presentation of the financial statements" and IAS 8, "Accounting policies, changes in accounting estimates and errors."

2.3. Valuation basis and reporting currency

- The interim condensed consolidated financial statements of Cable Onda, S. A. and Subsidiaries as of March 31, 2020 have been prepared on a historical cost basis of accounting.
- The interim condensed consolidated financial statements are stated in balboas (B/.), the legal tender of the Republic of Panama, which is at par with the US dollar. The Republic of Panama does not issue its own paper money and, instead, the US dollar is used as the functional currency and legal tender.

2.4. Judgements, estimations and assumptions

- Preparation of the interim condensed consolidated financial statements in accordance with IFRS requires that Management make judgments, estimations and assumptions that affect the amounts reported for revenues, expenses, assets, liabilities, and the disclosures of contingent liabilities at the date of the interim condensed consolidated financial statements.
- Due to the uncertainty implicit in these estimations and assumptions, significant adjustments could arise that could affect the amounts recorded or disclosed of future assets and liabilities.

Cable Onda, S.A. and Subsidiaries
Notes to the Unaudited Interim Condensed Consolidated Financial Statements
March 31, 2020

(Figures stated in B/. balboas)

3. Business Combination Telefonica Panama

On August 29, 2019, Cable Onda acquired 100% of the share capital of Telefónica Panamá, S.A. (44,687,308 shares) for \$593.6 million from Telefónica Centroamérica Inversiones, S.L. (“Telefónica Centroamérica”), which was owned, directly and indirectly by Telefónica S.A. (“Telefónica Panamá Acquisition”). The consummation of the Telefónica Panamá Acquisition was approved by the appropriate regulator “Autoridad de Protección al Consumidor y Defensa de la Competencia (ACODECO) on August 29, 2019, when Cable Onda acquired the entire share capital of Telefónica Panamá, S.A.

For the purchase accounting, management determined the fair value of Telefonica’s identifiable assets and liabilities based on transaction and relative fair values. The purchase accounting is still provisional at March 31, 2020, particularly in respect of the evaluation of property, plant and equipment, right-of-use assets and lease liabilities, final price adjustment and their resulting impact on the current valuation of intangible assets, and it has not materially changed since December 31, 2019. Management will finalize the purchase accounting not later than Q3 2020. Refer to the Cable Onda’s audited consolidated financial statements for the year ended December 31, 2019 for further details.

4. Cash

As of March 31, 2020, cash on hand and banks are broken down as follows:

	March 2020		December 2019	
Cash on hand	B/.	115,902	B/.	115,901
Banco General		37,208,334		21,205,752
The Bank of Nova Scotia		8,873,564		19,574,968
Citibank		15,648,652		11,445,810
Banco Panamá		9,739,055		4,616,673
Bac Panamá		812,632		1,768,732
Banistmo		827,512		800,321
Global Bank		209,942		399,779
Banco Nacional de Panamá		486,384		298,437
JP Morgan		174,352		175,903
BanESCO		62,542		123,789
Caja de Ahorros		200,104		113,235
St Georges Bank		-		54,000
	B/.	74,358,975	B/.	60,693,300

Cable Onda, S.A. and Subsidiaries
Notes to the Unaudited Interim Condensed Consolidated Financial Statements
March 31, 2020

(Figures stated in B/. balboas)

5. Accounts receivable, Net

As of March 31, 2020, accounts receivable, net are broken down as follows:

	March 2020	December 2019
Cable, telephone and other services	B/. 81,417,120	B/. 76,761,515
Operators	1,371,819	1,236,562
	82,788,939	77,998,077
Less: allowance for doubtful accounts	(6,175,778)	(5,304,605)
Accounts receivable, net	B/. 76,613,161	B/. 72,693,472

6. Inventory

As of March 31, 2020, the breakdown of inventory is as following.

	March 2020	December 2019
Materials and equipment	B/. 27,076,982	B/. 27,191,891
Inventory in transit	345,393	1,016,936
Provision for inventory obsolescence	(1,681,772)	(1,943,904)
	B/. 25,740,603	B/. 26,264,923

Cable Onda, S.A. and Subsidiaries
Notes to the Unaudited Interim Condensed Consolidated Financial Statements
March 31, 2020

(Figures stated in B/. balboas)

7. Intangible assets, Net

As of March 31, 2020, intangible assets are summarized as follows

	March 2020		December 2019	
At the beginning of the period, net of accumulated amortization	B/.	190,579,015	B/.	3,421,798
Additions		1,266,560		15,236,638
Intangible asset reclassification		193,945		16,699,519
Acquisition of subsidiary, net (see note 3)		-		170,740,874
Disposals		-		(914,829)
Transfer		-		672,528
Adjustments and reclassifications		(289,563)		(129,547)
Amortization		(6,656,499)		(15,147,966)
At the end of the period, net of accumulated amortization	B/.	<u>185,093,458</u>	B/.	<u>190,579,015</u>
At the beginning of the period				
At Cost	B/.	240,972,231	B/.	38,666,922
Accumulated amortization		(50,393,216)		(35,245,124)
Net Balance	B/.	<u>190,579,015</u>	B/.	<u>3,421,798</u>
At the end of the period				
At Cost	B/.	242,143,173	B/.	240,972,231
Accumulated amortization		(57,049,715)		(50,393,216)
Net Balance	B/.	<u>185,093,458</u>	B/.	<u>190,579,015</u>

Cable Onda, S.A. and Subsidiaries
Notes to the Unaudited Interim Condensed Consolidated Financial Statements
March 31, 2020

(Figures stated in B/. balboas)

8. Right of use assets

Following are the movements of right of use assets:

	March 2020		December 2019	
Cost				
At the beginning of the period	B/.	124,156,164	B/.	45,220,095
New contracts		783,685		2,799,210
Adjustments and reclassifications		242,866		-
Acquisition of subsidiaries		-		76,136,859
At the end of the period	B/.	<u>125,182,715</u>	B/.	<u>124,156,164</u>
Accumulated Depreciation				
At the beginning of the period		(12,665,692)	B/.	-
Adjustments and reclassifications		(145,832)		(1,589,687)
Depreciation of assets for right of use		(6,919,790)		(11,076,005)
At the end of the period	B/.	<u>(19,731,314)</u>	B/.	<u>(12,665,692)</u>
Net balance	B/.	<u>105,451,401</u>	B/.	<u>111,490,472</u>

Cable Onda, S.A. and Subsidiaries
Notes of the Interim Consolidation of Financial Statements
March 31, 2020

(Figures stated in B/. balboas)

9. Property, furniture, equipment and leasehold improvements. Net

	March 2020		December 2019	
At the beginning of the period, net of				
Accumulated depreciation and amortization	B/.	426,071,276	B/.	318,210,521
Capitalized additions		15,291,881		79,020,443
Merger through absorption		-		26,865
Acquisition of subsidiaries		-		117,675,749
Construction in progress		3,535,227		9,977,992
Impairment		-		(5,432,849)
Disposal, net		-		(816,913)
Transfers		-		(672,528)
Adjustments and reclassifications		-		788,693
Depreciation and amortization		(24,244,578)		(92,706,697)
At the end of the period, net of accumulated depreciation and amortization	B/.	420,643,806	B/.	426,071,276
At the beginning of the period				
At cost		1,044,842,873		832,836,030
Accumulated depreciation and amortization		(618,771,597)		(514,625,509)
Net balance	B/.	426,071,276	B/.	318,210,521
At the end of the period		1,298,555,187		1,044,842,873
Accumulated depreciation and amortization		(877,911,381)		(618,771,597)
Net balance	B/.	420,643,806	B/.	426,071,276

Cable Onda, S.A. and Subsidiaries
Notes of the Interim Consolidation of Financial Statements
March 31, 2020

(Figures stated in B/. balboas)

10. Accounts payable

At March 31, 2020, the accounts payable balance amounts to B/.61,495,579 (December 2019 - B/.74,850.804). The terms for payment of accounts payable to commercial suppliers are extended up to 120 days, as from the date of issuance of the respective notes or invoice, are not subject to discount for prompt payment and do not generate interest and are recoverable in the functional currency of the interim condensed consolidated financial statements.

11. Employee benefits payable

Employee benefits are broken down as follows:

		March 2020		December 2019
Employee benefits	B/.	5,016,917	B/.	5,711,215
Labor reserves		<u>4,280,354</u>		<u>6,216,714</u>
	B/.	<u>9,297,271</u>	B/.	<u>11,927,929</u>

12. Notes payable

The term of the documents payable and lines of credit is presented below:

	<u>Interest rate</u>	<u>Expiration</u>	March 2020	December 2019
Scotiabank	3.98%-4.38%	2024	B/. 75,000,000	B/. 75,000,000
Banco Nacional	4%-4.45%	2024	<u>75,000,000</u>	<u>75,000,000</u>
			<u>B/. 150,000,000</u>	<u>B/. 150,000,000</u>

Cable Onda, S.A. and Subsidiaries
Notes of the Interim Consolidation of Financial Statements
March 31, 2020

(Figures stated in B/. balboas)

13. Deferred income

As of March 31, 2020, deferred income is broken down as follows:

	March 2020		December 2019	
Current portion				
Early cash collections from monthly payments (a)	B/.	12,458,381	B/.	13,062,214
Non-Current portion				
Adaptation projects (b)		11,946,075		11,664,250
Deferred income from installation services		2,981,665		2,833,020
Deferred income (c)		6,236,416		6,353,289
	B/.	21,164,156	B/.	20,850,559

- a. Deferred income corresponding to early collection on monthly payments from clients, which are classified as business, residential and corporate.
- b. Adaptation and relocation of wiring and telephony, which includes changes, burying of cables in areas where network changes are made. Once concluded, works are amortized over 180 months.
- c. These are obligations arising from large-scale contracts, which are executed in phases as per the terms and conditions of said contracts

14. Other long-term liabilities

As of March 31, 2020, the Group's Management is complying with the financial conditions established in the bond purchase-sale contract.

Bonds are broken as follows:

	March 2020		December 2019	
Bonds - Banco General	B/.	185,000,000	B/.	185,000,000
Financial costs		(1,189,283)		(1,238,459)
Bonds - Citibank N.A.		600,000,000		600,000,000
Financial costs		(15,295,095)		(15,745,998)
	B/.	768,515,622	B/.	768,015,543

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15. Other services and revenue

	Period ended March 31,			
		March 2020		March 2019
Installations	B/.	91,555	B/.	228,353
Other income		2,222,669		120,412
Advertising		102,250		125,000
Additional services		56,139		215,364
	B/.	<u>2,472,613</u>	B/.	<u>B/.689,129</u>

16. Programming and operating costs

	Period ended March 31,			
		March 2020		March 2019
Programming costs	B/.	13,347,279	B/.	13,592,591
Telephony costs		12,340,238		2,499,068
Projects costs		1,910,834		2,921,388
Selling costs of mobile equipment and accessories		4,574,994		-
Data transmission costs		2,091,461		1,594,921
Sundry costs		747,059		493,489
Internet costs		709,944		377,187
	B/.	<u>35,721,809</u>	B/.	<u>21,478,644</u>

17. Depreciation, amortization and impairment

	Period ended March 31,			
		March 2020		March 2019
Depreciation and amortization	B/.	24,244,578	B/.	20,421,883
Depreciation for right of use		6,919,792		1,524,872
Amortization of intangible assets		6,656,499		1,828,293
	B/.	<u>37,820,869</u>	B/.	<u>23,775,048</u>

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18. Employee benefits

Employee benefits form part of general expenses, sales and administrative expenses for the period, as shown in the following breakdown:

	Period ended March 31,			
	March 2020		March 2019	
Salaries, commissions and other	B/.	10,449,677	B/.	8,447,559
Social security and employer education insurance		1,475,829		1,410,734
Vacation		1,501,783		864,375
Bonuses		1,212,181		1,009,919
Net profit sharing		611,340		441,900
Travel and representation expenses		850,017		785,215
Professional risk		224,429		217,735
Share-based compensation		150,000		-
Seniority premium and indemnities		360,828		295,103
Other expenses		175,614		316,720
	B/.	<u>17,011,698</u>	B/.	<u>13,789,260</u>

19. General sales and administrative expenses

General sales and administrative expenses are as follows:

	Period ended March 31,			
	March 2020		March 2019	
Rent	B/.	1,317,771	B/.	B/.925,227
Professional services fees		10,079,231		7,951,040
Service expenses		2,386,707		1,731,350
Repairs and maintenance support		3,283,518		792,287
Marketing and advertising		2,268,764		1,384,675
Electricity		1,624,115		1,548,600
Local and municipal taxes		1,658,078		1,505,585
Bad debts		2,041,718		1,569,301
Repairs, maintenance and other operating expenses		229,762		742,536
Office expenses		385,237		311,903
Insurance and bond		214,005		69,817
Amortizations		49,175		33,370
Other expenses		1,589,820		1,505,853
	B/.	<u>B/.27,127,901</u>	B/.	<u>B/.20,071,544</u>

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20. Income tax

Following is a summary of the income tax expense:

	Period ended March 31,			
	March 2020		March 2019	
Current	B/.	4,377,494	B/.	4,033,882
Deferred tax, net		<u>(633,345)</u>		<u>-</u>
	B/.	<u>3,744,149</u>	B/.	<u>B/.4,033,882</u>

21. Fair value of financial instruments

Fair value estimations are conducted at the date of the interim condensed consolidated financial statements, based on the relevant market and other information related to the financial instruments. Those estimations reflect no prize or discount that could result from holding the financial instruments as available for sale, due to the fact that none of them is held for that purpose.

The nature of these estimations is objective and involves uncertain aspects and management's judgment, as a result of which, the amounts thereof cannot be determined with absolute accuracy. Consequently, changes, if any, in the assumptions on which the estimations are based could differ from the final results.

The assumptions used by the Group Management to establish the fair market value of the financial instruments are as follows:

- a. The values of cash and bank, accounts receivable, net clients, other accounts receivable, accounts payable, leases and documents and loans payable approximate their fair market value, as they are financial instruments maturing in the short term.

The table below states the comparison between the book values and fair values of the financial instruments for which carrying values do not approximate their fair values:

	Book Value				Fair Value			
	March 2020		December 2019		March 2020		December 2019	
Financial Liabilities								
Notes and other								
long-term liabilities	B/.	<u>918,515,622</u>	B/.	<u>918,015,543</u>	B/.	<u>912,455,622</u>	B/.	<u>912,015,543</u>