Annual Report **2018**

cyta

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Cyta is the trade name of Cyprus Telecommunications Authority

The international and local telecommunications landscape is characterised by fierce competition and rapid changes. As such, Cyta is obliged to constantly change and adapt in order to maintain its leading role and shape telecommunications developments in Cyprus.

The Organisation's course is inevitably going to face major challenges. In order to deal successfully with these challenges, Cyta has to progress in a dynamic way, yet always in the framework of a prudent business strategy. Its primary objectives are to achieve continuous improvements to its financial and commercial results and to maximize its value, based on foundations of reliability and the development of key technological infrastructures and excellent customer service. At the same time, Cyta must act consistently within the required framework of corporate governance, guided by the best interests of the Organisation and its broader mission as a key factor in the development of society and progress in the country.

FINANCIAL RESULTS

The 2018 financial statements are especially encouraging and they reflect Cyta's positive progress during the year under review as well as laying the foundations for further positive financial and commercial growth and the maximization of its value in the long term.

The surplus after tax for 2018 amounted to €60.6 million, the highest in the past seven years. This development is due to a great extent to the Organisation's commercial orientation and its rationalised financial management. As a consequence, 2018 saw a slowdown in the rate of revenue loss and limits on key aspects of the Organisation's operating expenses. At the same time, we successfully evaluated and managed our international investments, in particular Cyta Hellas. As a result, we fully settled the loan facility that Cyta had provided to its subsidiary and there are no longer investment impairments on our balance sheet, which has a significant positive impact on the Organisation's overall financial results.

Commercial Orientation

Constant reinforcement of the commercial orientation of Cyta's services and products, based on the powerful strategic tools of technological development and innovation, is one of the Organisation's top priorities. Great emphasis is placed on growing revenue from our commercial customers, with particular focus on the business market. Cyta invests in the reliability and security of its services to provide customers with integrated solutions that increase their companies'

productivity and efficiency. Another key element of the Organisation's revenue growth is our dedication to continuously improving the customer experience of both our frontline and support services. Moreover, having invested significantly in technologies to protect our networks from cyber-attacks, Cyta guarantees the greatest possible availability to its customers, while offering them related support services.

Limiting Operating Expenses

In 2018, the Organisation continued its detailed review of the methods used for monitoring the parameters of operating expenses. As a result, every action is evaluated in advance and prioritised with the aim of maintaining a satisfactory cost/benefit balance. Relative costs are then agreed, as long as acceptable evidence of financial benefit is provided on the basis of objective technocratic criteria. In the context of limiting operating expenses, strict internal objectives are drawn up and budgetary implementation is closely monitored. The results of this methodical effort are reflected in the gradual reduction of total operating expenses (excluding salaries) of 2.7% over the last three years.

Rational financial evaluation of investments

The Board's emphasis on the Organisation's rational financial management led to an objective assessment of the viability of its activities in Cyprus and abroad. In this context, a decision was taken to sell Cyta Hellas following a complex technocratic process, for which we sought the services of respected international firms for financial, legal and strategic advice. The positive outcome of the process substantially reinforces the Organisation's financial results and frees up significant potential for Cyprus to focus on developing its operations in Cyprus through core infrastructure projects.

Given the great challenges and pressure facing Cyta Hellas, as it operated in an unfavourable economic environment with a correspondingly serious impact on the telecommunications sector, the sale price of €118.1 million paid by Vodafone-Panafon Hellenic Telecommunications S.A. reflects the company's strong customer base, broad infrastructure network and the high standard of its people. During the targeted negotiation that took place in the framework of a transparent competitive sale process, a special provision of the agreement meant that Cyta and its subsidiaries should potentially have the right of access to Cyta Hellas' telecommunications infrastructure on the same intra-Group

terms that were in place when Cyta Hellas was owned by Cyta. This right is likely to be used in the context of Cyta's future plans to reinforce the role of Cyprus as a regional telecommunications hub.

STRATEGIC DIRECTION WITH AN EMPHASIS ON INFRASTRUCTURAL DEVELOPMENT PROJECTS AND SUPERFAST SPEED TECHNOLOGIES

Since 2018, the Organisation has confirmed its ability to play a leading role in technological development, despite the rapid changes that characterise the sector on both a local and global level. Through its multidimensional activity, Cyta continued to implement important infrastructural development projects that strengthen its position, provide competitive advantages in crucial areas and aim consistently at ensuring optimum geographical and population coverage.

Cyta's targeted investments in cutting-edge technology are the foundations of, and driving force behind, the development of its fiber network and broadband telephony, as well as the undersea cable and satellite systems linking Cyprus and the rest of the world. As a result, Cyprus is among the first countries in the world to be in a position to provide superfast connections via its fiber network as well as through its mobile telephony networks. Such projects allow the Organisation to differentiate itself from its competitors through the creation of new, technologically advanced products and services for fixed and mobile telephony, Internet, cloud computing, networking and hosting. In this way, its traditional turnover is maintained and, at the same time, the foundations are laid for the creation of substantial alternative future revenue sources.

Islandwide Fiber Network

The Organisation's decision in 2018 to proceed with the rollout of the first and only islandwide fiber network (FTTH - Fiber to the Home) was a major development for the country's telecommunications. It is a project of strategic importance, both for Cyta and for Cyprus, since it is the catalyst that will speed up the island's digital transformation. The total 10-year investment in the exceptionally significant project is around €120 million will be paid for out of Cyta's own funds. The aim of the project, which is already under way, is to provide superfast speeds of up to 1 Gigabit for residential customers and 10 Gigabit for business customers. Such speeds enable previously unknown applications and the design of innovative projects that simplify our lives and substantially improve residential customers' living standards. At the same time, companies will be in a position to reinforce their businesses through drastic improvements to their productivity levels and their financial results.

The implementation of these large-scale projects is feasible for Cyta because, among other things, thanks to its experienced human resources with great specialised knowledge and know-how, the Organisation is frequently seen as a benchmark in the Eastern Mediterranean region and the equal of the biggest European telecommunications enterprises.

Mobile Broadband Networks

In parallel with its development of the fiber network on a national scale, the Organisation is constantly upgrading the mobile telephony network with cutting-edge technology. In this context, in 2018 it significantly strengthened its 4.5G technology, broadening and improving the capabilities of its high-speed mobile broadband network. In this regard, Cyta's mobile network is among the most advanced in Europe, based on objective measurement criteria, including signal quality, coverage and speed. Specifically, continuous upgrades to mobile communications led to Cyta's mobile network being certified by the independent international organisation OOKLA for the third consecutive year as the fastest in Cyprus in 2018.

It should be noted that, in the framework of Cyta's efforts to achieve the greatest possible geographical coverage, the existing network already covers 99.6% of the government-held areas of Cyprus with 3G and 4G technology. This is also confirmed by objective measurements of broadband availability in the country. According to the 2019 Digital Economy and Society Index (DESI), Cyprus provided broadband Internet coverage to 90% of households, compared to the EU average of 83%. Regarding coverage in rural areas, Cyprus is one of a few countries boasting almost 100%. At the same time, while among the last-ranked overall based on DESI 2019, it is among the highest-placed in the important network subcategory, reflecting Cyta's broader social role and mission.

These developments created the foundations for the subsequent pilot introduction of the revolutionary fifth generation (5G) mobile telephony technology in Cyprus, which is the greatest challenge in the future. In this context, Cyta is gaining the required specialised knowledge and experience for the commercialisation of this pioneering technology, once the State goes ahead and allocates the relevant frequency range, in accordance with international health and safety standards.

Strategic Development of an International Telecommunications Hub

The substantial upgrading of the international satellite and undersea cable connections, which offer significant potential for foreign earnings, is of huge strategic importance for Cyta and for Cyprus. As a consequence of Cyta's targeted investments in this sector, Cyprus is steadily growing in stature and establishing itself as a reliable telecommunications hub for global connectivity and the provision of services in the Eastern Mediterranean, making the most of the Organisation's new investments in fiber optics and mobile networks. At the same time, the Makarios Teleport is already recognised as one of the best in the world, following its full certification by the World Teleport Association in 2017.

PENSION FUND

Despite the significant reduction of the deficit presented in the actuarial study for 2017, Cyta, as a funding authority, decided in 2018 to maintain its payment for funding the Actuarial Deficit at the high level of €19.5 million, so as to achieve faster full coverage of the Actuarial Deficit and competition of the restoration of the Technical Reserves of the Fund.

This decision by the Board indicates Cyta's prudence, sense of responsibility and commitment to his human resources. At the same time, it strengthens the efforts of the Fund Management Committee to draw up a reviewed Investment Policy with more conservative aims regarding expected returns, which carry a lower investment risk, and better safeguard the pensions of the Organisation's personnel.

FUTURE CHALLENGES

Digital Orientation Strategy

It is of enormous importance that, thanks to its networks, specialization, know-how and expert knowledge, Cyta has the strength and the ability to be the main strategic and operational arm of the state for Cyprus in the new digital era.

It is clear that the path leading to our digital future is strewn with great challenges. It is our conviction that, in order to deal with them successfully, the Organisation has to keep moving in a dynamic way, focused on constantly strengthening its investment in technology and committed to exploiting cutting-edge technology for the provision of innovative products and services.

Review of the Institutional Framework for Processes and Regulations

Despite the Organisation's encouraging results for 2018 and similar indications for 2019, the fact remains that current restrictions to Cyta's flexibility do not allow it to make the moves at the speed at which it should and could, as a business. In this regard, an in-depth review and constant updating of its institutional framework, including the regulations and processes that govern the way in which the Organisation conducts its business, will help Cyta function even more efficiently, with a focus on business development and, wherever needed, taking advantage of targeted strategic collaborations, which will act as a catalyst in the Organisation's further development.

The Board, in close cooperation with the Organisation's Management, services and Trade Unions, has already prioritized the implementation of a multidimensional modernisation project for Cyta, which reinforces productivity and encourages change in our corporate culture, as well as the taking of business, commercial and financial initiatives based on greater flexibility and the adoption of technocratic criteria.

CYTA AT THE FOREFRONT OF DEVELOPMENTS

H Cyta is a profitable organisation with no loans, which makes targeted investments in crucial development projects using its own equity. Since its establishment, the Organisation has so far contributed an accumulated dividend in excess of €800 million to the Republic of Cyprus.

Cyta's progress in 2018 and the work it has carried out are judged on a daily basis by the whole of Cypriot society, whose judgment is revealed in the great trust it shows the Organisation. It is a reflection of the recognition of Cyta's reliability, technological superiority and crucial contribution to the country's present and future course.

At this point, I would like to express my warm thanks to the members of the Board who served during 2018, the year under review in this Annual Report, and especially to the Deputy Chairman, Michalis Moushouttas and to the Executive Management, the services, the trade unions and Cyta's human resources, for their tireless efforts to bring about the aforementioned positive results.

In the framework of the role and mission of the Organisation and in accordance with the principles of corporate governance and transparency, we gave emphasis to Cyta's prudent and

rationalized functioning, adopting business thinking and free market terms wherever possible. At the same time, firmly on course to grow and contribute to the country, we are proceeding with determination, making those moves that improve the Organisation's productivity and value, moves that reinforce Cyta's leading role in the telecommunications sector and are aligned with its mission and corporate social responsibility, and contribute decisively to economic growth and social progress in Cyprus.

Rena Rouvitha Panou
Chairman

November 2019

2018 was a successful year for Cyta, which increased its profitability while maintaining its leading position in the market, thus creating significant value for customers and for the markets in which it operates. For Cyta, 2018 was a year of notable progress, during which it continued to attract new customers for all its main services.

COMMERCIAL STRATEGY

Our main goal continues to be the provision of high-quality and affordable connection services to more and more individuals and businesses in Cyprus. In a fiercely competitive market, the challenge for Cyta to maintain its leading position in all the markets in which it operates remains great. As we do this, while focusing on our strategic priorities, the constant development of our business model is of vital importance if we are to establish ourselves as the key partner of Cypriot business in the new ecosystem of digital services which is growing at a rapid pace.

In 2018, we took significant action to increase our commercial competitiveness. We further upgraded our combined Internet and Telephony offerings with significant additions to our mobile packages, which led a notable customer reduction and, at the same time, an increase in the number of returning customers. Regarding Cytavision, we proceeded to upgrade content (NovaLife, NovaStars HD, renewed TV rights for UEFA Champions League & Europa League matches from 2018-2021).

Our renewed effort to simplify our processes focused mainly on our customers, with whom we opened additional channels of communication. We created the Cyta Support Centre, which deals exclusively with repairs. We expanded our sales network with a new Cytashop in Nicosia Mall while, at the same time, refurbishing existing stores. Finally, we introduced online communication channels that mainly serve younger customers.

All of the above is mirrored in the Organisation's financial results for 2018, which continue to reflect its financial robustness, in spite of the highly competitive environment in which it operates. Profitability is at its highest level for seven years, with profit before tax in 2018 of €67,7 million, compared with €50,7 million in 2017. Moreover, the rate of reduction of income from services fell further to 2,2% (from 3% in 2017) and is considered a clear improvement over previous years. This trend is continuing in 2019, the year in which the Organisation is expected to regain a positive rate of income growth.

Finally, our focused actions aimed at optimum cost management helped maintain our EBITDA margin at the high level of 31,9% in 2018, which compares favourably with that of other major telecommunications organisations worldwide.

NETWORK AND STRUCTURAL DEVELOPMENTS

At this moment, the rollout is under way of the first islandwide fiber optic network (Fiber to the Home - FTTH), which, with speeds of up to 1Gbps, is opening up new prospects for the country's progress towards the digital era. The rollout of the network started in 2018 and the greater part of it is due for completion within the next four years, covering urban and suburban areas, with the pace of installation on customer premises growing ever faster. At the same time, we are reinforcing our copper network allowing faster speeds up to 100Mbps in other mainly rural areas.

We continue to make technological improvements to the mobile telephony network, based on the criteria of reliability, signal quality, coverage and speed. Cyta's mobile network is one of the best in Europe and covers 99,6% of the government-controlled areas of the country with 3G, 4G and 4.5G technology. In summer 2019, for the third consecutive year, it was officially recognised by the global organisation OOKLA as the fastest mobile network in Cyprus - confirmation of our promise to provide the country with the newest and most reliable integrated electronic communication technologies.

In 2018, in the context of our mission to constantly develop Cyprus' telecommunications infrastructure, we announced another significant step: the start of the project to install a fully functioning 5G mobile communications network, starting with the implementation of a pilot 5G network. This pilot network, which was completed in 2019, allows Cyta to obtain the required specialist knowledge and experience for the next major challenge: the installation and commercialisation of the 5G network, following the process of allocating the relevant frequency range on the part of the State.

Aiming at the complete technological development of our infrastructures, we also acted to upgrade our direct international undersea Internet connections, making the Cyta network one of the most reliable regional networks in the Eastern Mediterranean. As a result of Cyta's dedication to constant investment in its network's international infrastructure, Cytanet has, to date, achieved total connections to the World Wide Web in excess of 120Gbps.

The international network has thus become one of the best and most reliable in the Eastern Mediterranean region, constantly improving the customer experience with better online voice, picture and data services.

IMPROVING THE CUSTOMER EXPERIENCE

Improving the customer experience remains our top priority. We know that our customers expect more from us, as their dependence on the connectivity of their mobile devices continues to grow.

Additionally, the upgrading of the Business Market, which has been designed to make the most of opportunities arising from our key advantages, is another strategic objective. Through investment in applications, services and software, we strive to offer innovative products and services to our business customers that create prospects and opportunities and increase their companies' efficiency and productivity.
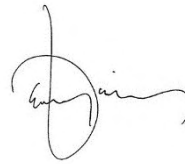
LOOKING TO THE FUTURE

These days, every innovative technological service requires the availability of superfast networks. We have a clear strategy to raise the bar in the coming year, while remaining focused on aspects of real importance: improving the customer experience and growing the value of our core services, thereby opening to way for long-term, sustainable development.

I am extremely satisfied with the overall progress that we have made in recent years, especially in the development of our products and services. For 2019, Cyta anticipates greater revenues and profits remaining at the same level as in 2018.

Regarding the year under review, I wish to thank every member of the Cyta family for their contribution to the Organisation's success. I am extremely grateful to the entire Cyta workforce for the dedication they show on a daily basis. I also thank Deputy CEO Michalis Achilleos, who led the Organisation during 2015-2018 with exemplary devotion to duty and commitment to Cyta's values.

It is a great honour and privilege for me to be taking up my duties as the new Chief Executive Officer of Cyta and finding myself at the helm of an Organisation with a rich history and an exciting future. An Organisation that has played an important role in Cypriot society and the economy. We shall keep working in the certainty of knowing that we have everything we need to continue to carry out our mission: to remain a key stakeholder in, and transformer of, the country's economic and social developments, maintaining its place in the group of the few, outstanding countries with the necessary

network infrastructure to move immediately and smoothly into the Gigabit era.

Andreas Neocleous
Chief Executive Officer

November 2019

Chairman and Members of the Board (2018)

CHAIRMAN

Rena Rouvitha Panou
Economist

VICE CHAIRMAN

Kostas Koumis
*Communication Specialist/Director
at a Private Company*

MEMBERS

Eraklis Agathokleous
Lawyer

Argyris Argyrou
Economist

Charalambos Avgousti
Lawyer

Yiannis Constantinides
Chartered Certified Accountant

Valentinos Ioannou
*Architect Engineer & Town
Planner*

Ioannis Kremmos
Businessman

Lenia Matheou-Epiphaniou
Bank Employee

Legal Advisers
Andreas C. Hadjioannou & Co

Auditors
KPMG
Auditor General of the Republic

Management

Deputy Chief Executive Officer
Michalis Achilleos
BSc, MSc, MBA

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Senior Management - Strategy

Corporate Strategy and Policy Manager
Nicos Charalambous
BScEE, MEngEE, MBA

Legal and Regulatory Affairs Manager
(by assignment)
Petros Hadjiantoniou
BSc (Hons), MSc

Corporate Communications Manager
(by assignment)
Christos Limnatitis
Dipl. Eng NTUA, MBA

Business Excellence Manager
(by assignment)
Nicos Charalambous
BScEE, MEngEE, MBA

....

Senior Management - Financial and Administrative Services

Financial Services Manager
Antigone Modestou
FCCA, MBA

Procurement and Stocks Management Manager
Nicos Nicolaou
BScEE, MBA

Personnel Services Manager
Efy Christou-Pouri
BScEcon (Hons), MScIR&PMgt, MBA

Facilities Management Manager
(by assignment)
Nicos Nicolaou
BScEE, MBA

....

Senior Management - Commercial Services
Ioannis Koulias
BSc (Hons), MSc, MIEEE, MIET, CEng

Consumer Market Manager
Kikis Kyriacou
BScEE, MScEE, MBA

Business Market Manager
Maria Damalou-Hadjigeorgiou
Bsc (Hons), FCA

Customer Services Manager
Alexandros Alexandrou
BEng, MEngEE

National and International Wholesale Market Manager
Christos Limnatitis
Dipl. Eng NTUA, MBA

Aeromaritime Services Manager
(by assignment)
George Arestis
Dipl. Eng NTUA

....

Senior Management - Technology and Informatics
Chrysis Phiniotis
BScEE (Cum Laude), MScEE

Network and Services Operation Manager
Georgios Malikides
Dipl. Eng NTUA, CEng, MBA

Backbone Networks Manager
Costas Psillides
BScEE (Hons), MScEE, MBA

Networks and Services Delivery Platforms Manager
(by assignment)
Costas Psillides
BScEE (Hons), MScEE, MBA

Line Access Network Manager
(by assignment)
Georgios Malikides
Dipl. Eng NTUA, CEng, MBA

Informatics Manager
George Arestis
Dipl. Eng NTUA

....

Internal Audit Manager
(by assignment) *
Efy Christou-Pouri
BScEcon (Hons), MScIR&PMgt, MBA

....

Subsidiaries Supervision and Support Manager
(by assignment) *
Ioannis Koulias
BSc (Hons), MSc, MIEEE, MIET, CEng

....

Secretariat and Management Services*
Petros Hadjiantoniou
BSc (Hons), MSc

* Under the Chief Executive Officer

Corporate Governance at Cyta

BOARD OF DIRECTORS

The Cyprus Telecommunications Authority (Cyta) is governed by a 9-member Board of Directors, the Members of which are appointed by the Council of Ministers for a 30-month term.

The Board is responsible for Cyta's smooth running and its long-term development and, as such, it approves the Organisation's budget and strategy and monitors their strict implementation. More specifically, the Board is responsible for ensuring that Cyta maintains its overall functions which, as set out in the Telecommunications Services Law, are:

- to manage a good and adequate telecommunications service in the Republic of Cyprus for the Government,

public organisations and the general public,
- to manage all the installations and equipment procured or to be procured by Cyta,
- to manage all Cyta's assets and
- to promote, as far as is feasible, the development of telecommunications services in accordance with recognised international standards of practice and public demand.

Moreover, the Board is responsible for the implementation of all general directives issued by the State through the Minister of Finance (who is responsible for Cyta), while Members of the Board represent Cyta at conferences, in meetings and at other events.

The Board exercises its authority and duties through the Chief Executive Officer who, as Cyta's most senior executive, is responsible for the implementation of the Organisation's policy

and for the management of its everyday activities. Furthermore, the Board is entitled to transfer any of its powers or executive authority to any Member, to the CEO or the Deputy CEO, or to Committees comprising Members of the Board and members of personnel.

To this end, the Board has set up a number of permanent committees, while for special issues it appoints ad hoc committees. Permanent committees, which the Board may, at its discretion, increase, reduce and/or modify, are the Audit Committee and the Personnel Committee. Furthermore, Board members are on the Cyta Staff Pensions and Grants Scheme Management Committee and on the Cyta Permanent Monthly-Paid Staff Pensions & Grants Fund Management Committee.

Finally, the Members of the Board, together with the Deputy CEO, make up the Board of Directors of the Cyta subsidiary Digimed Communications Ltd.

RISK MANAGEMENT

Rapid advancements in technology and the growth of telecommunications, combined with the increased demands of customers and the Regulatory Authorities, have created a complex of risks which affect the decisions we need to take on a daily basis. To this end, we regularly monitor and manage the extent of our exposure to various risks in a structured manner.

Our philosophy is to examine risk at all levels, since we believe that the most suitable person to identify and manage

risk in a particular activity is the one who carries out the work. Consequently, we start at the top, identifying and assessing strategic risk, and then follow the same methodology at Unit, activity, product and project level. Risk impact on the following areas is assessed: finance, operations, reputation, customers, information, health & safety, environment and compliance. Depending on the size and type of each risk, a decision is taken on how to deal with it.

We make a point of giving regular training to everyone involved in risk management, in order to be in a position to recognize any significant risks and opportunities that may affect our objectives and, thereby, to determine efficient and effective ways of managing them.

INTERNAL AUDIT DEPARTMENT

The Internal Audit Department (IAD), as an independent and objective security mechanism and provider of consultancy services, helps the Organisation achieve its objectives through the implementation of a systematic, disciplined approach to the evaluation and improvement of the effectiveness of its activities in the areas of risk management, monitoring and governance. The Internal Audit Manager reports to the Audit Committee of the Board of Directors on operational issues and to the CEO on administrative matters. He has the full support of the Organisation's Board and Management.

The Internal Audit Department is manned by personnel qualified in a broad range of specialist areas, including accountants, an IT engineer and manager. Tremendous importance is placed on the regular training of internal auditors on issues pertaining to internal audits, technology and IT as well as more general topics concerning the Organisation's activities. A number of auditors in the Department have obtained professional qualifications such as Certified Internal Auditor (CIA), Certified Control Risk Self Assessor (CRSA) and Certified Information Systems Auditor (CISA).

When conducting any type of audit, the personnel of the Internal Audit Department, with strict responsibility for the confidentiality and protection of the Organisation's archives and data, have full, free and unrestricted access to all the documentation of the Organisation, its subsidiaries and the Cyta Staff Pensions and Grants Scheme.

AUDIT COMMITTEE

The Audit Committee, which was established in 2004, operates in accordance with the principles of Corporate

Governance and is comprised exclusively of Members of Cyta's Board of Directors.

According to its mandate, the Committee reviews, inter alia, the following issues:

- The Organisation's Financial Statements and the underlying accounting principles according to which they are prepared.
- The Organisation's Corporate Risk Management policy.
- The Annual Audit Programme, which is drawn up on the basis of the results of a risk assessment of Cyta, and progress made on its implementation.
- Reports prepared by the Internal Audit Department for Cyta and its subsidiaries in the framework of examining the effectiveness of their Internal Control Systems.
- Recruitment to the Internal Audit Department and actions taken to improve its processes and organisational structure and to train its personnel.

Corporate Social Responsibility

OUR APPROACH TO CORPORATE SOCIAL RESPONSIBILITY

Corporate Social Responsibility (CSR) is a term that has been used more and more frequently in recent years and it is generally accepted that different companies, individuals, consultancy firms and organisations attribute their own meaning and content to it. To some enterprises, CSR is about how they allocate part of their revenues for social or environmental causes, which are often unrelated to their business activities. Although such actions are beneficial to society or the environment, they do not contribute to the competitiveness and long-term sustainability of the business. This practice is therefore not sustainable in the long term or when the company faces financial difficulties such as the present crisis. Some other businesses use CSR activities as a marketing tool and sometimes to conceal their bad business practices in other areas.

For us at Cyta, CSR mainly concerns how responsibly we behave as an Organisation in all our business activities and in our relationships with all those who are affected by Cyta in some way. We acknowledge that we are an integral part of the society in which we operate and that, through our business activities, we may make a positive contribution but we may also have a negative impact on it. We also recognise that CSR can be a source of innovation and contribute to the long-term sustainability and competitiveness of our Organisation while benefiting our stakeholders and society as a whole.

For Cyta, Corporate Social Responsibility is the voluntary management of the social, environmental and economic impacts - positive and negative - of the organisation's operations on its stakeholders, over and above its legal obligations. We have adopted a holistic approach since this takes into account not only the positive but also the negative impacts that we may have on the three dimensions of CSR - social, environmental and economic - as well as on all stakeholders, i.e. all those who are affected by - or who themselves affect - Cyta. The Organisation's primary stakeholders are its customers, partners and suppliers, the whole of society and the State, as its owner.

We officially adopted this approach to CSR when we signed the Sustainability Charter of the Association of European Telecommunications Network Operators (ETNO) in 2004 and committed ourselves to providing products and services that offer significant environmental, social and economic benefits. We also made a commitment to integrate environmental, social and economic responsibility into our business activities, reducing wherever possible any negative impacts arising from such activities. The Sustainability Charter was replaced by ETNO's Corporate Responsibility Charter in 2012.

Our objective, where CSR is concerned, is to implement its integrated management at Cyta. In other words, to make CSR an integral part of the way the Organisation operates and not a separate, isolated process.

In accordance with the National Action Plan on Corporate Social Responsibility, drawn up by the Directorate-General for European Programmes, Coordination and Development (formerly the Planning Bureau), non-financial indicators - i.e. CSR indicators - are included for the fourth time in this 2015 Annual Report. In this way we wish to give a more complete picture of the Organisation's performance regarding the three dimensions of Corporate Social Responsibility: economic, environmental and social.

ECONOMIC PERFORMANCE

Cyta is one of the largest Organisations in Cyprus and, as such, has made an undeniable and notable contribution to the country's economy. The economic dimension of Corporate Social Responsibility concerns the positive and any negative impact that the Organisation has on the financial situation of its stakeholders and on the country's economy.

Cyta has a direct financial effect on the economy through the provision of jobs, the purchase of products and services from its suppliers, the sale of products and services to its customers, and the payment of taxes and a dividend to the State.

The financial statistics below illustrate the direct financial contribution of the Organisation to society through its payments to its employees, suppliers and the State.

Direct economic value generated
Direct economic value is generated from the revenues that Cyta earns from services, which are its main source of income. A small percentage of its revenue (3-4%) is from funding and other sources.

Direct Economic Value Generated (€'000)
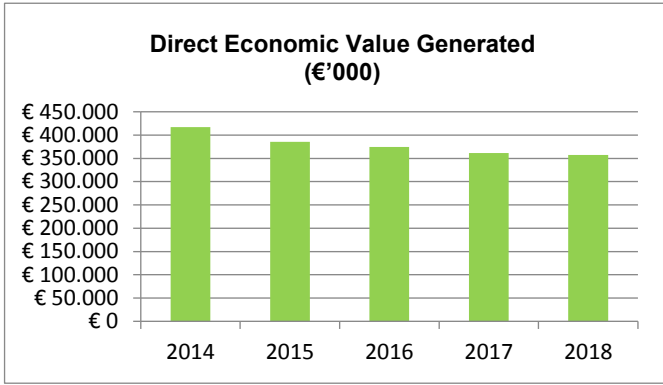
Distributed economic value

The economic value distributed by Cyta includes payments made outside the Organisation, including its operating costs, salaries and other benefits to employees, the dividend paid to the State and payments to government bodies.

Operating Costs

The operating costs reported here, for the purpose of reporting the distributed economic value, include content licences, service use licences, maintenance costs, rents and payments to associates and staff training costs. They do not include salaries and staff benefits (which are presented separately), stamp duties, write-offs and provisions for bad debts.

Operating Costs (€'000)
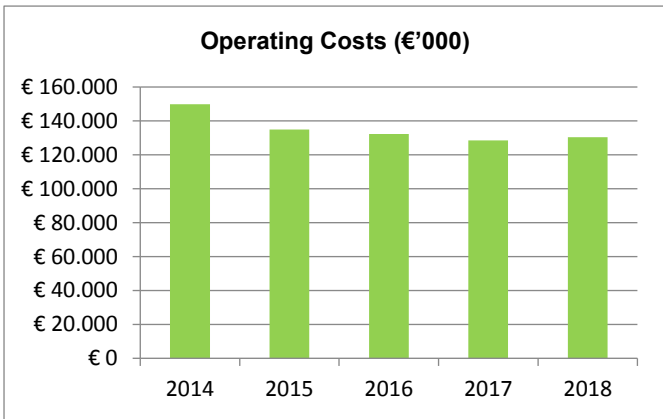
Employee Salaries and Benefits

Employee salaries and benefits include the Organisation's total outflows for its personnel, such as salaries and pensions, social security, healthcare and insurance. They do not include staff training costs (which are included in the operating costs).

Employee Salaries and Benefits (€'000)
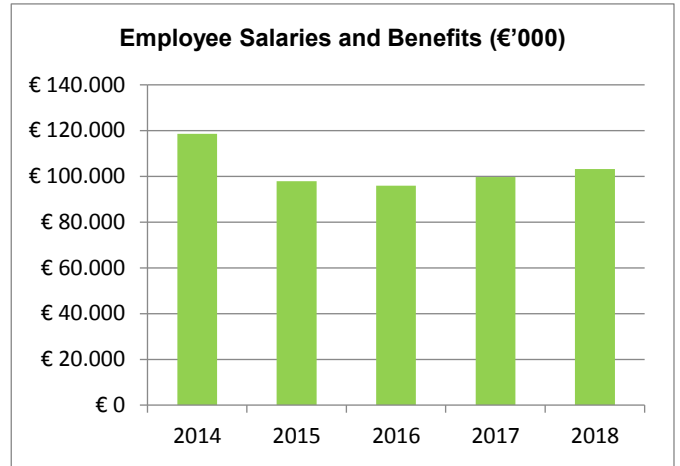
Dividend to the State

Cyta pays a dividend to the Republic of Cyprus, the amount of which is determined, according to the law, by the Council of Ministers.

Dividend to the State (€'000)
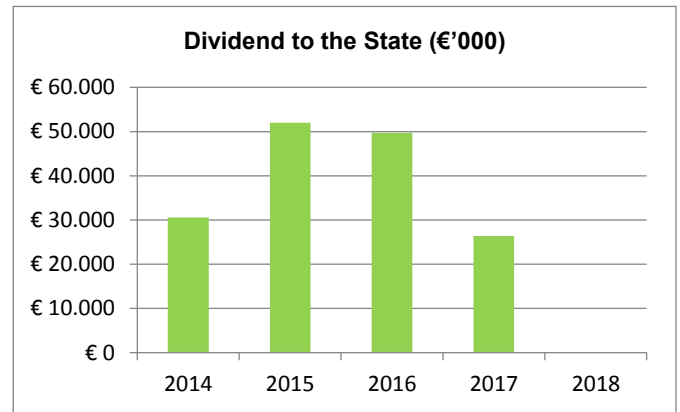
Payments to Government Bodies

Payments to government bodies include all paid taxes and fines, including stamp duties.

Payments to Government Bodies (€'000)
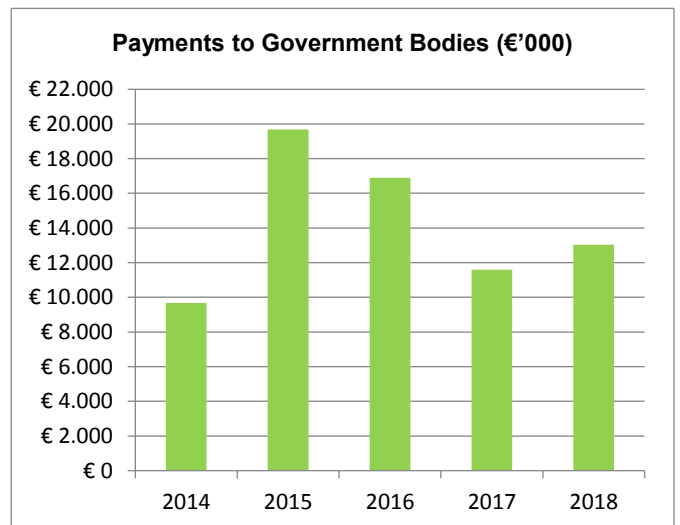
Indirect economic value

The indirect economic value created by Cyta is much more difficult to measure and includes the broader effects on the economy due to its existence and operation. Cyta's products and services play a catalytic role in improving the productivity and competitiveness of Cypriot businesses and in the shaping and development of society. By purchasing products and services from suppliers in Cyprus, we reinforce job creation and the sustainability of Cypriot businesses. Through the payment of salaries to our personnel, we strengthen their purchasing power, the local market and the economy.

CUSTOMERS

Our customers, as the primary stakeholders, are at the core of our business strategy and their satisfaction is an important indicator of the effectiveness of the strategy.

Evaluating customer satisfaction

We implement various practices for the evaluation and maintenance of customer satisfaction.

Customer surveys are carried out to measure customer satisfaction at every point of contact, i.e. in Cytashops, with Partners, Technical Customer Support (TCS) Crews, the Cyta Call Centre and the Complaints Management service. These surveys are carried out via telephone interviews with customers with recent experience at each point of contact. Statistics are gathered on a monthly basis and the results are collated every quarter.

Additionally, surveys are carried out at Cytashops using the Mystery Shopper method to monitor customer service procedures. Regarding business customers, surveys are carried out to measure their level of satisfaction with the service provided. This survey is carried out once a year through personal visits to business customers.

Apart from measuring customer service satisfaction, surveys are also carried out to discover the level of customer satisfaction with every service we provide, such as Fixed Telephony, Internet and Television (Triple Play). These surveys take place once a year using telephone interviews with customers of each service.

Furthermore, surveys are carried out to discover the reasons why customers terminate their Cyta service and/or transfer to another operator. These surveys take place once a year using

telephone interviews with customers who have terminated their service or transferred to a competitor.

Mechanisms giving customers the opportunity to comment

Cyta views any complaints submitted by customers as a wealth of information and their careful examination is considered as an essential ingredient for continuous improvement. Our ultimate aim is to align the services we provide with the constantly increasing demands of our customers, which we manage with full awareness of our responsibility to the consumer.

Customers have the opportunity to make comments or submit complaints, (a) online via the website, (b) in person by visiting any Cytashop, (c) by telephone with a call to the Cyta Call Centre or (d) by mail. Comments, thanks and complaints are entered into the electronic complaints system managed by the electronic Complaints Management Service.

Using social networks for customer support

Social networking applications are being used to develop additional and more modern channels of communication with our customers. Indicatively, it should be noted that we created a Twitter account and designed a Forum providing technical and other support to customers. Additionally, customers are served through Facebook. This means that customers who choose to contact us through social networks are served without having to wait in line and, at the same time, the replies provided by Cyta are permanently available to the whole community of users.

Smartphone apps

Fully aware of the rapid changes in technology and the constant development of new services and apps with which smartphone users can directly satisfy their needs, Cyta has created various apps that carry out specific tasks and make for an easier Internet experience.

CytaInfo+

CytaInfo+ is an app which provides constant and immediate assistance to users, who can find the programme schedule and information on all the Cytavision channels and organise their favourite channels and movies. They can also locate the

nearest Cytashop and Cytanet Wi-Fi Hotspot. At the same time, the app keeps them informed with tips from Cyta's Twitter account (@cytasupport), Frequently Asked Questions

from Cyta's various contact points and lets them visit the Cyta Forum to resolve any queries with the help of the Organisation's experienced personnel. Users can also receive information about special offers and other Cyta news.

selfCare
selfCare lets you manage your account and services easily and fast from your smartphone. The app is available to all RED subscribers and those using soeasy by Cytamobile-Vodafone.

Among the facilities it provides are: monitoring of your account, SMS usage, talk time and mobile internet, managing services such as activating Missed Call Notification, cybee goal alerts, information on RED plans, the latest smartphone special offers, easy location of the nearest Cytashop, simple soeasy top-up and redeeming soeasy rewards, etc.

Cytavision Go
Cytavision subscribers can now enjoy the service anywhere and everywhere, in the car, on a trip and even when abroad. Some 40 channels are available on their smartphone, tablet or laptop/desktop, including Cytavision Sports, depending on their viewing package.

Tel OntheGo
Tel OntheGo is an app that lets subscribers use their fixed telephone number everywhere. It is compatible with PCs, smartphones and tablets operating with Android, iOS and Windows.

**Customer satisfaction with contact point service**
Customer satisfaction with service at Cytashops, from Technical Customer Support and the Cyta Call Centres is at quite high levels. Below are some the results of our customer satisfaction surveys.
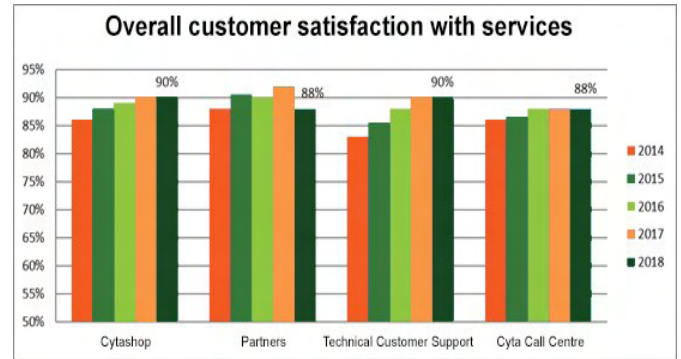
Overall customer satisfaction with services
Customer satisfaction with Cyta's services remains high. Price and special offers are now the most important aspects affecting satisfaction and the choice of provider as regards mobile telephony, as well as Internet and television services. The quality of service is also one of the key factors in the choice of provider, an area in which our customers are found to be extremely satisfied.

Cyta's services are rated extremely highly, both by Cyta's own customers and by those of the other providers.
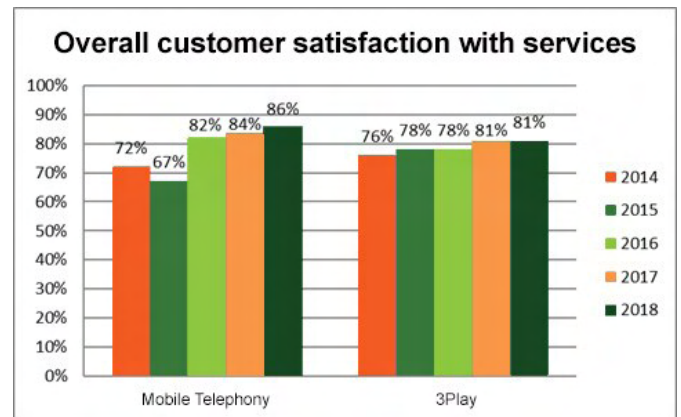

Net Promoter Score
The Net Promoter Score (NPS) has been used widely in recent years by companies around the world to measure a company's customers' willingness to recommend it and it is interpreted as an indication of customer loyalty. The NPS has been measured for Cyta (organisation and main services) since 2014.

The NPS for Cyta was 31% in 2018, which is higher than the average NPS for Telecommunications services in Cyprus, revealing Cyta's dominance in terms of customer recommendation compared to the other telecommunication companies on the island.

NPS
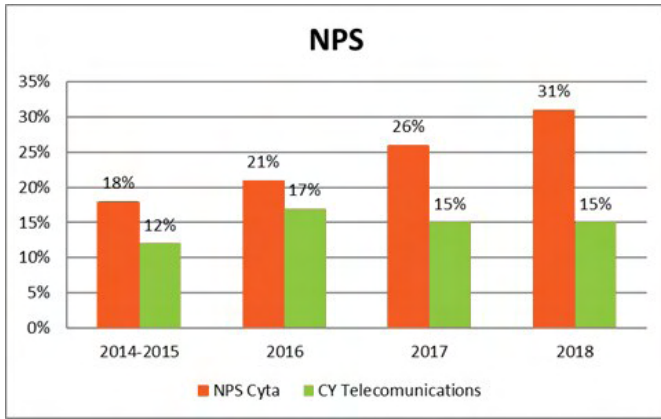
Complaints Average Per Service

Considering the number of active customers, a very small percentage of them ever submits an official complaint. In case of a problem, customers tend to contact the Cyta Call Centre or a Cytashop for support and assistance.
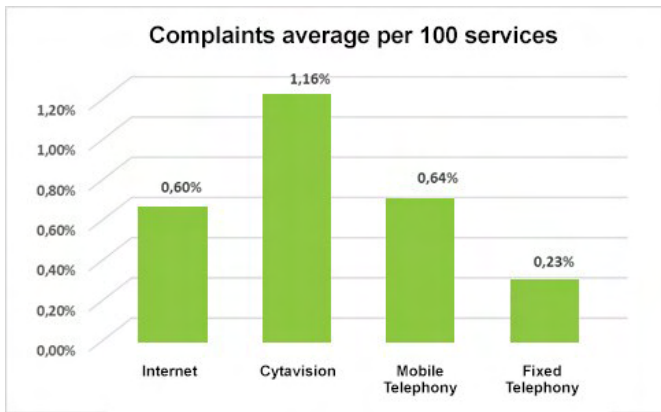
"Everyone has a right to Communication!"

The accessibility of telecommunications products and services by individuals with disabilities or visual, hearing or mobility impairment is an important issue of corporate responsibility for Cyta. We believe that all people have a right to communication and for this reason we make the most of new technologies with the aim of offering equal opportunities in communication to everyone. In 2013, under the banner "Everyone has a right to communication", we presented an integrated range of products, services and solutions for people of all ages who face particular difficulties in communicating. The specialist equipment, which is available from Cytashops, is sold at cost price and has special features such as amplified sound for those making and receiving calls, a large keypad, illuminated warnings of incoming calls, etc., which help those with impaired hearing, vision and mobility. Moreover, Cyta places particular emphasis on service, especially to people with special communication needs, and it is constantly broadening and upgrading its communication channels. It should be noted that the online Cyta Forum is particularly used by people with communication difficulties,

such as those with hearing impairment since their written messages receive immediate replies online.

Additionally, a new initiative taken by Cytamobile-Vodafone, taken in response to the needs of those with hearing impairment, offers free Video Call minutes through its RED plans for customers with hearing impairment.

Through this new initiative, which confirms the widely held belief that the Organisation is a reliable partner of its customers and of society in general, the free Video Call minutes are automatically provided to customers choosing a RED PLAN (with a device or only with a SIM card).

Responsibility for Products and Services

Cyta, as a responsible organisation, takes full responsibility for its products and services, keeps up to date on any issues that may arise and promotes their responsible use as well as protecting its customers from possible dangers. Some examples are our activities to promote safe Internet use, especially among the vulnerable child population, fighting bullying in schools, discouraging mobile phone use while driving and the recycling of telephone equipment.

Safe Internet

Since 2001, Cytanet has been giving presentations in primary, secondary and technical schools, as well as in private schools. Three separate programmes are offered on "The Internet: A Tool for All", "Cyberbullying" and "Social Media in our Lives: How to Protect Ourselves". Through these presentations, pupils have a chance to get to know the main services available online and the advantages and weaknesses of the Internet, as well as to learn about new online applications in their daily lives. The main emphasis is placed on the dangers and pitfalls that pupils may encounter while browsing the Internet and on practical ways of dealing with such dangers.

During the 2017-2018 academic year, a total of 125 presentations were given in schools throughout Cyprus, attended by more than 11,000 pupils and teachers. Since 2001, some 1,381 visits to schools have been made and more than 150,000 pupils and teachers have attended the presentations.

At the same time, wishing to educate parents about the Internet and its safe use, in conjunction with the Pancyprian School for Parents, Parents associations and head teachers and with the support of the Ministry of Education & Culture, we offer a training programme entitled "The Internet in our

Children's lives - Safe and Responsible Use". The programme is aimed primarily at parents but also at bodies involved in children's education. In lectures, particular mention is made of the Safe Internet service, which protects children from illegal, undesirable and harmful online content, and the safeMobile parental monitoring solution. Both services are

provided free by Cyta. The seminars are open to parents from all towns, through the Parents association of their children's school.

Also, every year, Cytanet takes part in international events to mark Safer Internet Day. On this occasion, in the framework of the EU-funded CyberSafety programme, in which Cyta is a partner, a seminar was held entitled "Create, Connect and Share Respect: A better internet starts with you", attended by over 900 primary, secondary and technical school pupils, teachers, parents and other interested parties.

"Cleanfeed"

With the aim of protecting customers from illegal Internet content, we have implemented a special protection system, widely known as "Cleanfeed". This system blocks access to websites with content that is illegal according to Cypriot law. The main sites to which access is restricted contain child pornography. With the introduction of this special system, all Cytanet customers have "clean" Internet access.

Vidatrack

H Vidatrack, which is offered in conjunction with Vidavo, is a personal tracking system for emergency situations, which contributes to giving independence and freedom of movement to people that belong to sensitive and vulnerable social groups and are unable to carry out their essential daily tasks entirely by themselves. The service gives a greater sense of safety and security in the daily life of the user and his/her

family and carers, since it enables the immediate detection of the user's location, the sending of a call for help to the


relative/carer via text message at the press of a "panic button", immediate communication with three pre-set telephone numbers and offers the ability to receive incoming calls.

Recycling/Re-use of Mobile and Fixed Phones

Cyta's programme for the recycling and re-use of mobile and fixed telephones and their related accessories began in 2010 and was the first of its kind in Cyprus. The aim of the programme is primarily to protect the environment and public health from uncontrolled dumping as well as to raise public awareness of, and participation in, recycling.

Through the programme we encourage our customers and the general public to return mobile and fixed phones that they no longer need to Cytashops, the Cyta Support Centre or Cyta's Head Offices in Nicosia. Additionally, collection bins for telephones and accessories are hosted from time to time at events organised by other bodies, schools and companies.

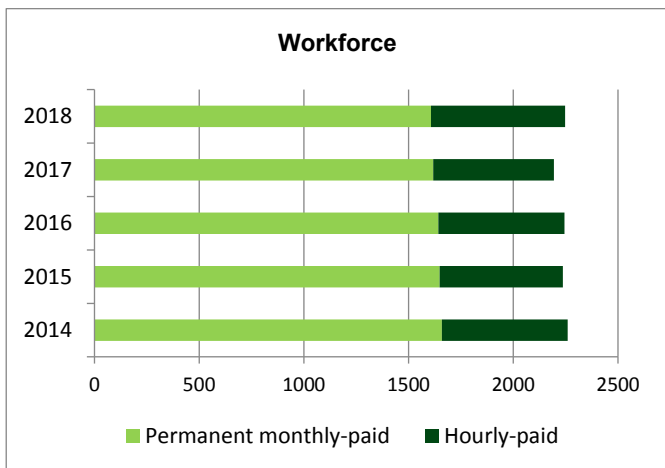**Mobile & Fixed Phones & Accessories Collected (kg)**
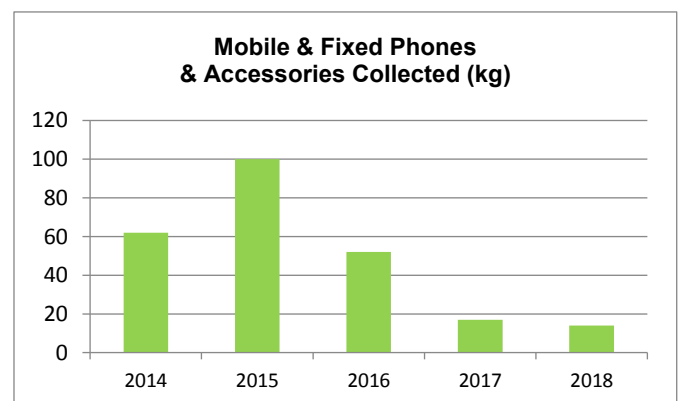
PERSONNEL

As a responsible, good employer, Cyta manages and makes the most of its personnel through the implementation of management systems and development/support programmes which assist them in their professional as well as their private lives, as part of its work-life balance policy.

Our Organisation offers its personnel far more than is prescribed in the relevant legislation. Among other things, it takes care of the health and welfare of its employees and their families through the Medical Fund, the Occupational Health Centre and the Cyta Staff Welfare Fund. It provides financial assistance to needy employees, pensioners and employees' widows and orphans. Cyta also offers student grants and organises social activities for members of staff and their families. It also provides Group Life Insurance to current and retired members of staff.
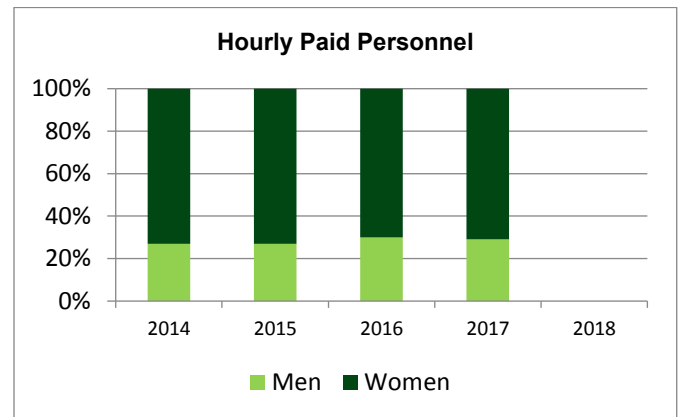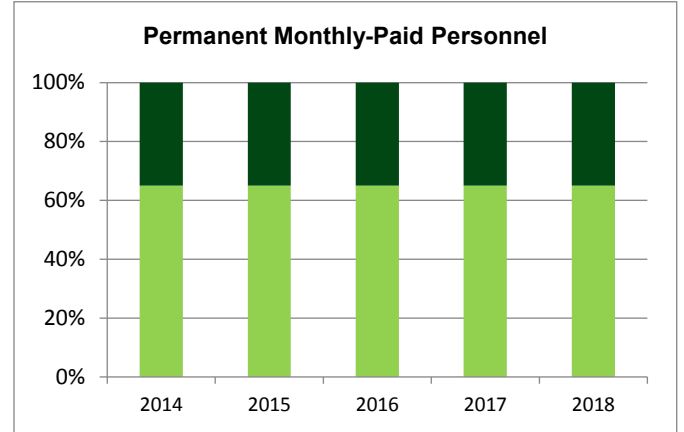
Our workforce

The size of our workforce is an indication of the size of the impact Cyta has on labour issues and on society in general. Our workforce includes permanent monthly-paid employees, hourly-paid employees and a small number of external associates on fixed-term contracts.

The following charts show the size of the workforce as at 31/12/2018, broken down by employment and gender.

Workforce by Gender

Permanent Monthly-Paid Personnel

Hourly Paid Personnel

■ Men ■ Women

Workforce

■ Permanent monthly-paid ■ Hourly-paid

Workforce by Gender

■ Workforce Total Men   ■ Workforce Total Women   ■ Total

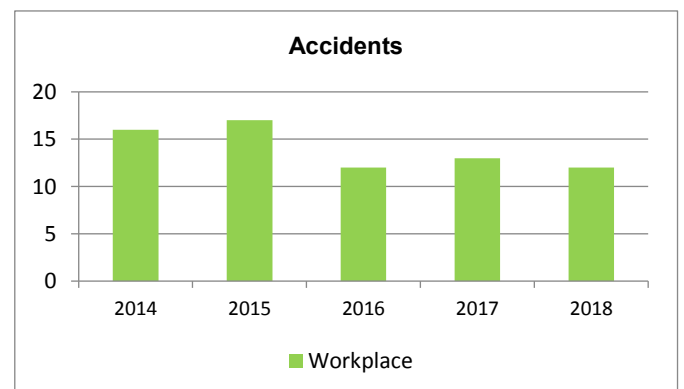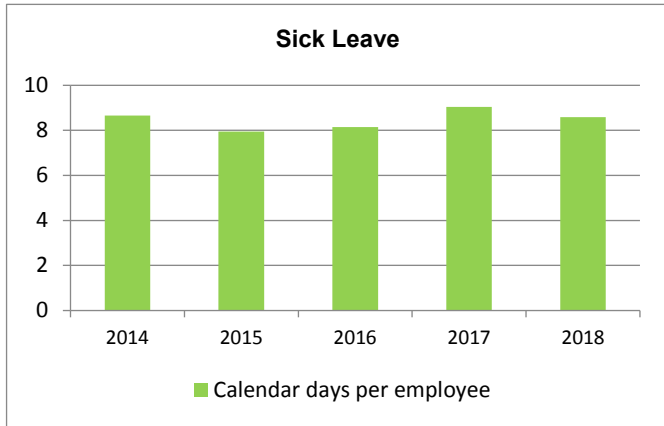### Health and Safety in the Workplace

The health and safety of our employees is one of our top priorities. The main indicators of the level of staff health and safety are the number of accidents and the number of calendar days of sick leave per employee.

Accidents

■ Workplace

Sick Leave

| Year	Calendar days per employee
2014	8.6
2015	7.9
2016	8.1
2017	9.0
2018	8.5

On the occasion of the World Day for Safety & Health at Work, which is celebrated every year on April 28, Cyta announced two competitions: one for the design of a poster among children of our personnel and one for improving activities related to Health & Safety within the Organisation.

Personnel Training

Cyta provides significant opportunities for training, development and learning, subsidising staff participation in training programmes, certifications and educational materials related to their work, and organising specialist courses on issues of development which improve productivity as well as employee job satisfaction, such as, for instance, teamwork, leadership-mentoring and customer-orientation, as well as technology and IT.

Personnel Training

Year	Training days per employee
2014	3.55
2015	4.05
2016	4.25
2017	4.15
2018	4.45
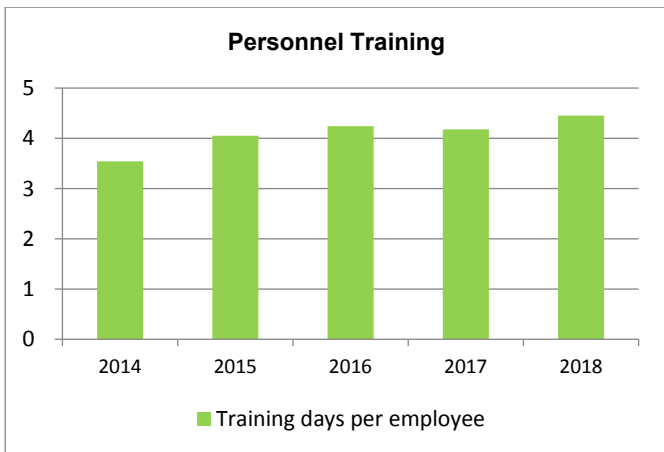
Industrial Relations

Cyta, as a responsible employer, respects the right of its employees to trade union membership and, for this reason, 100% of our personnel - monthly- and hourly paid - are covered by agreements based on collective bargaining. (See also the Chapter on "Management", sub-heading "Human Resources", paragraph "Industrial Relations".).

Employee Performance Evaluation

Performance evaluation contributes to the personal development of employees. At Cyta, all permanent monthly-paid employees receive an official evaluation of their performance every year. Preparations are under way for the introduction of a new Performance Management System for permanent monthly-paid personnel, the official implementation of which will start in 2020.

In 2018, implementation continued of the Hourly-Paid Personnel Payroll System, which is based on an evaluation of the performance of the hourly-paid personnel in conjunction with their years of service.

Voluntary Work

Cyta employees are sensitive to social issues and they make their own contribution to society. For some years now, we have established and promoted voluntary blood donation sessions. Every year these are held on a regular basis in all districts in the workplace and during working hours. Furthermore, members of staff, working in volunteer groups in all towns, offer assistance to colleagues and their families who are facing particular problems. They also organise charity fundraising events from time to time. On a voluntary basis, Cyta personnel, together with associates and customers, also supported various activities of a social nature organised by the Organisation.

ENVIRONMENT

Employee Perceptions of Cyta

Cyta recognises its employees as a very important stakeholder and a crucial element in the achievement of its business strategy. For this reason, it is continuously developing channels of communication and dialogue with its personnel.

Environment

While recognising its positive contribution, Cyta is also aware of the negative impacts that its activities, products and services can have on the environment and, for this reason, it has been active on environmental issues since formulating its Environmental Policy in 2001. The environmental policy commits the Organisation to offering products and services that contribute to sustainable development and to working towards the minimisation of the negative impacts of its operations on the environment.

The most significant environmental aspects of Cyta's operations, products and services are the use of energy, in the form of electricity and fuel, the production of waste - mainly electric and electronic waste - and the consumption of other resources such as paper and water.

Electricity Consumption

Cyta uses electricity to power its telecommunications equipment, as well as to control the temperature in those areas where it is installed (around 70%) and to power its offices. In 2018, Cyta continued its efforts aimed at reducing electricity through coordinated actions.
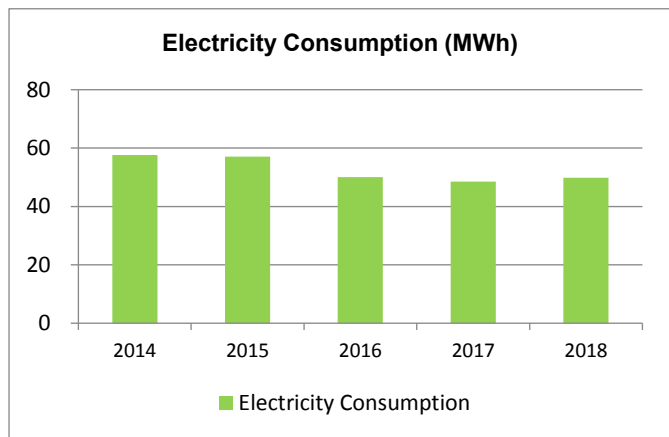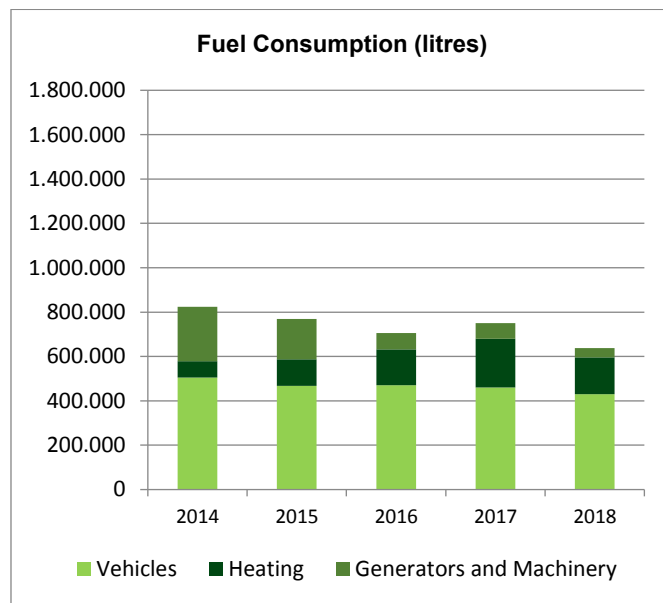

Fuel Consumption

Fuel is used at Cyta by its fleet of vehicles, for the heating of offices in winter, for generators and various other types of equipment. In 2012 we initiated activities for reducing fuel consumption through the reorganisation of our fleet, the reduction of the number of vehicles, the renewal of the fleet with more energy-efficient vehicles and the implementation of a telematics vehicle fleet management system. Specifically, in the context of restructuring the Cyta fleet, significant efforts were made to reduce the number of vehicles through the creation of a Common Use Vehicles Group in more buildings, apart from our Head Offices where this institution was already in operation. At the same time, a redistribution of vehicles took

place so that the most energy-inefficient and older ones could be withdrawn from service.

As regards generators and machinery, we reduced the number of mobile telephony base stations with 24-hour support of generators and this led to a reduction in fuel consumption.

Paper Consumption: Customer Bills

With the aim of reducing the consumption of resources, in November 2011 we discontinued the sending out of itemised bills for Fixed Telephony and Cytamobile-Vodafone Mobile Telephony. This initiative, with the help of our customers, led to a substantial saving of the amount of paper required for the printing and mailing of itemised bills. In 2014, we saved some 1.9 tons of paper compared to 2013, while in 2015 we saved a further 7.9 tons. In 2016, we saved a further 3 tons of paper compared to 2015 and in 2018, a small further reduction was achieved.
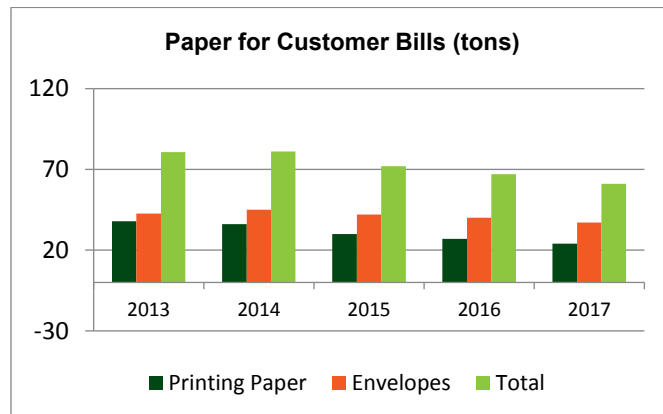
Paper Consumption: Telephone Directories

Since halting the printing of the Telephone Directory in 2017, we also stopped printing the Yellow Pages in 2018. It is now available online. This decision led to the saving of some 23 tons of paper.

Paper for Telephone Directories (tons)

- Total weight (tons)
- Percentage of Recycled Paper (pages)
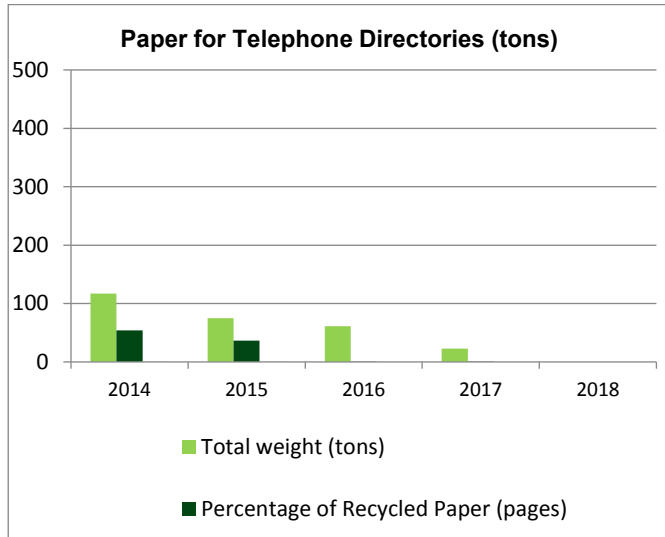
Water Consumption

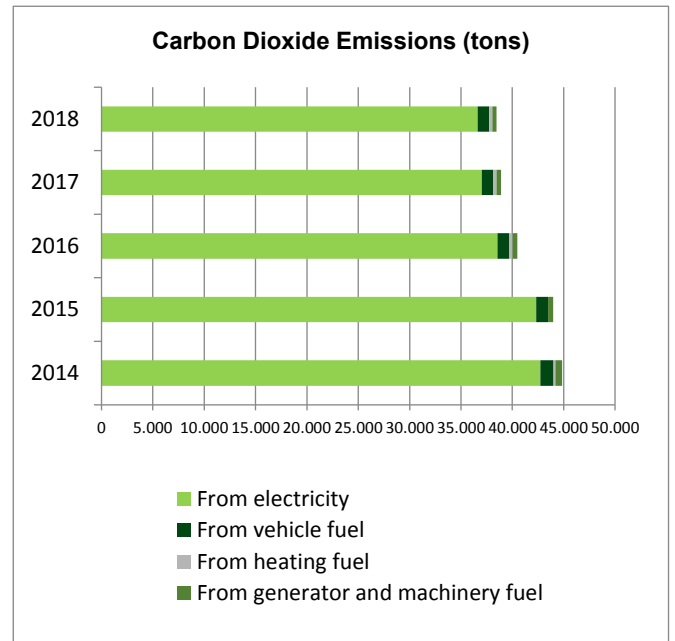At Cyta we do not consume large amounts of water since its use is precisely the same as domestic use, i.e. for restrooms, canteens and gardens. However, we consider water use as an important aspect of our environmental impact since the country frequently suffers from drought and a lack of adequate amounts of water. For this reason, we have long promoted various measures that aim to save this precious resource. These include using water from boreholes (where they exist) for the watering of gardens, placing water-saving filters on taps, using dual-flush toilets and automatic flushing sensors.

Total Water Consumption (tons)

- Total Water Consumption
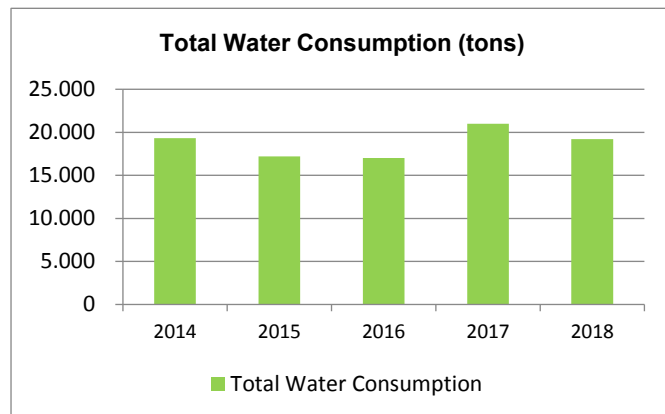
Carbon Dioxide Emissions

Carbon dioxide (CO2) emissions are caused either directly, by the burning of fossil fuels by our fleet of vehicles, for heating our buildings, in generators and other equipment, or indirectly, through the use of fossil fuels on the part of EAC to generate the electricity that we consume.

Carbon Dioxide Emissions (tons)

- From electricity
- From vehicle fuel
- From heating fuel
- From generator and machinery fuel

Waste Management

The reduction, re-use and recycling of our waste is one of the commitments of our environmental policy. Cyta was the first organisation in Cyprus to register Zero Waste to Landfill, for which it obtained the relevant verification from TUV Cyprus Ltd, showing in action its respect for and responsibility towards society and the environment.

Verification is obtained when an organisation recycles more than 95% of its waste.

Essentially, despite its size and the enormous range of its activities, Cyta has succeeded through its systematic environmentally friendly policy in recycling 97.3% of the waste created by its activities, with just 2.7% being sent to landfills.

Cyta's firm objective remains to maintain and reduce further the amount of waste that is not recycled.

The first types of waste to be recycled were old cables and scrap metals, obsolete telecommunications equipment, old telephone directories and office waste paper. Today we also recycle or promote the re-use of plastic waste, old vehicles, electrical and electronic equipment, batteries, accumulators, packaging waste and toner and ink cartridges. Garden waste is sent for composting. Domestic waste packaging (e.g. cans, plastic bottles, etc.) from our administrative offices are collected separately for recycling by Green Dot Cyprus Ltd.

Across our sales network and in our administrative offices, we operate a programme for the recycling and re-use of mobile and fixed phones and accessories and we collect used household batteries from the public and our personnel, which are collected for recycling by Afis Cyprus Ltd. The types and amounts of waste that we have collected in the past five years are shown in the following tables:

Waste (tons)

Chart: Plastic waste, Scrap metal, Garden waste, Commercial packaging waste...
Legend: 2018, 2017, 2016, 2015, 2014
X-axis: 0, 10, 20, 30, 40, 50, 60, 70, 80

Waste (tons)

Chart: Cables, etc., Excavation waste, Office waste paper
Legend: 2018, 2017, 2016, 2015, 2014
X-axis: 0, 100, 200, 300, 400, 500, 600, 700

Waste (tons)

Chart: Non-chlorinated transformer paint, Ink cartridges
Legend: 2018, 2017, 2016, 2015, 2014
X-axis: 0, 0,5, 1, 1,5, 2

Chart: Electricity Poles and Accumulator waste, Vehicle waste, Electrical and electronic equipment waste
Legend: 2018, 2017, 2016, 2015, 2014
X-axis: 0, 20, 40, 60, 80, 100

SOCIETY

Cyta recognizes that it is an integral part of the society in which it operates and with which there is a mutual influence and involvement. As a public utility organisation, it was established to serve society and, for more than five decades, it has made a huge contribution to the development of Cypriot society and the economy.

In addition to its direct impact on society, through the provision of electronic communications products to its customers, employment to its personnel, the procurement of products and services from its suppliers and through the payment of a dividend and taxes to the State, Cyta supports broader society in a multiplicity of ways and at every opportunity. Below are some of the most important ways in which we supported society in 2018.

Health and Welfare

Regarding health following a number of successful organisations of the Cyta Santa Run in various towns, in 2018 Cyta decided to engage in activities on the theme of fairytale magic that send out the message that every child has the right to communication. These activities aim to support the Neonatal Screening Programme of the Centre for Preventive Paediatrics.

In 2018, a group of popular fashion designers worked with Cyta to create limited-edition sweatshirts, with all sales proceeds being donated to the Neonatal Screening Programme. Designers Anna Hadjigrigoriou (Anice) and Ramona Filip (Ramon Filip) participated for the first time while for Andreas Zanettides, Gregory Morfi and Natar-Georgiou it was their second time. All five drew inspiration from the paintings by children who took part in the islandwide art competition on "The Magic of Communication in Fairyland", which Cyta organised for primary and pre-primary pupils.

Moreover, in 2014, the new interactive website of the Cyprus Medical Association (CMA) www.cyma.org.cy was launched It is an Interactive Health Portal, developed with the help of Cyta and its subsidiary Cytacom Solutions, making use of the very latest technological infrastructures. The Health Portal provides valid and reliable information with the aim of promoting interactive online communication between the CMA, its members and all those active in the Cypriot health sector.

Furthermore, the new website allows fast access to reliable information about the legislation governing medical practice in Cyprus as well as the dates of conferences, seminars and lectures on medical matters. Accessible from a mobile phone, it provides correct and trustworthy information on the health sector in Cyprus, with the status, experience and reliability of Cyta and the CMA.

Another project being carried out in collaboration with the Strovolos Municipal Multi-Purpose Centre and Vidavo is Telecare.

Telecare uses smart applications that can automatically process data from a variety of electronic sources (motion sensors, optical detectors, microphones, vital sign monitors, etc.) in the home of a patient or elderly person so that their health can be monitored and any problems identified.

This project enables members of the Strovolos Municipal Multi-Purpose Centre to try and test two Telecare applications free of charge:

1. **Alert Button Incorporated into a bracelet**, it provides wireless communication between elderly users and their carers/family.
2. **Location Tracking** It sends information about the user's precise location at any given moment.

Regarding our own personnel's Health & Welfare, in 2018 the Occupational Health Centre continued to provide primary healthcare services and consultations for every interested employee. Furthermore, through the Centre, preventive medicine programmes, aimed at targeted groups or all personnel were implemented

Finally, social and cultural events were organized for members of personnel and their families, while awards and grants were presented to outstanding student members of Cyta employees' families.

ON CARDIAC
Cyta is constantly in the lookout for opportunities to use its products, services and expertise, to resolve social problems and benefit broader society. In cooperation with the Cyprus Resuscitation Council (CRC) and the Ministry of Health, Cyta implemented the pioneering new ON CARDIAC service. In case of anyone suffering cardiac arrest in a public place, ON CARDIAC enables the CRC to send a text message to individuals trained in basic cardiopulmonary resuscitation (CPR) and in the use of Automated External Defibrillators who are close to the patient's location and can offer immediate assistance. ON CARDIAC can thus contribute significantly to timely intervention and the saving of lives. The service is provided free by Cyta, both to ordinary citizens and to the CRC. Cyprus and Cyta are among the few countries and mobile telephony service providers to provide such services.

Cyta and Road Safety
In 2018, Cyta continued to demonstrate the sensitivity and special interest that it has developed over the years, with significant and regular action, in Road Safety, an issue of concern to the whole of Europe and to Cyprus in particular.

Since 2004, Cyta has consistently honoured through action its signature and commitment to the European Road Safety Charter (ERSC) to contribute to reducing the number of road deaths and for yet another year it focused its main efforts on raising road safety awareness through special training, mainly among young people who make up a large percentage of the victims of traffic accidents in Cyprus. To this end, Cyta continued to hold special road safety seminars for young people and, in particular, conscripts serving in the National Guard. Since 2004, it has provided training to tens of thousands of young people all over Cyprus.

Moreover, as regards its responsibility as an employer and a significant road user, Cyta remained true to its aim of minimising accidents involving its own service vehicles and continued to invest in the training of its own employees and in the safety of its service vehicles.

Regarding its fleet in particular, it should be noted that Cyta ensures that all the vehicles it purchases are not only fully compliant with EU specifications but feature every available

passive and active safety system. All vehicles undergo preventive maintenance, thereby ensuring the highest levels of protection not only for our staff but for every road user.

Furthermore, Cyta participates in and supports various programmes of the relevant authorities and social partners aimed at reducing traffic accidents in Cyprus. One such activity is the provision of free cycle helmets to children visiting the Police Road Safety Park for instruction.

Education

Cyta, which has been a partner in Junior Achievement Cyprus since 2014, organised through its Online Presence Department a seminar entitled "The Power of Social Media: How to boost your Company through Social Media". It took place on Friday, March 2 in the amphitheatre at Cyta's Head Offices and aimed at all 'student entrepreneurs' from all over Cyprus who were taking part in the 2018 Student Business of the Year competition and their teachers.

Through this activity, Cyta demonstrated its long-term support and its efforts aimed at promoting entrepreneurship among young people and in the country overall.

In April 2018, Cyta awarded prizes for the 17th year to the winners of the "Young Reporters for the Environment" competition for articles, videos and photos on the theme of the

environment, which is supported by Cyta and the Ministry of Education & Culture.

H The competition is organised every year among high school students by the Cyprus Marine Environment Protection Association (CYMEPA) in the framework of the "Young Reporters for the Environment" programme.

Students from schools all over Cyprus took part, researching their subjects through every available journalistic method and exchanging information online with students in other European countries who were participating in the programme. The best articles, photos and videos were uploaded to the CYMEPA website (www.cymepa.org.cy) and took part in other European competitions. They were also published in the magazine of the Foundation for Environmental Education in Europe.

In May 2018, in collaboration with the Municipality of Strovolos, Cyta organised a big event for children entitled "Children Protect the Environment". It was held at the Strovolos Municipal Theatre and was attended by some 550 primary schoolchildren from Strovolos.

The event took place under the auspices of the Commissioner for the Environment in the context of the Corporate Social Responsibility activities of both Cyta and the Municipality of Strovolos, in support of an EU programme aiming at raising awareness of the need to reduce waste and of the slogan "Reduce, Reuse, Recycle". The event stressed the importance of creating environmental awareness in young people, something which, in recent years, has been done by schools in a systematic and methodical manner at all levels of the education system.

Environment

Our Organisation wishes to contribute to cultivating and strengthening environmental awareness among the Cypriots as part of its social contribution through various projects and activities.

At a press conference in March 2018, Cyta announced its decision to become the first strategic partner of the "Greening Cyprus" initiative for at least the next three years, in the context of its environmentally friendly policy. Through this collaboration, the Cyprus Forests Association undertakes to plant an agreed number of trees on behalf of Cyta and to maintain them for a period of three years.

This action stems from a decision by Cyta to plant a number of trees each year equal to 10% of the number of new Cytavision subscribers.

This idea arose in March 2016 and is part of Cyta's Corporate Social Responsibility activities, aiming to reduce the Organisation's carbon footprint. It is the follow-up to the "Greening Cyprus" initiative of reforestation in the Solea and Argaka districts following the catastrophic wildfires of 2016. Specifically, Cyta undertook the cost of buying the new saplings needed for reforesting various burnt-out areas. In 2018, replanting took place in the villages of Ora and Ayios Amvrosios.

Furthermore, in 2018 for the second year running, Cyta obtained "Green Offices" environmental quality certification for its Head Offices in Nicosia and all Cytashops across the island. Its goal is to obtain the same certification for all its manned buildings by the end of 2019.

"Green Offices" is a pioneering environmental quality label for buildings and offices. Its acquisition requires the implementation and enforcement of strict criteria related to energy and water consumption, waste management, the use

of environmentally friendly personal cleanliness and detergents, the quality of food and beverages, the conversion of free spaces into green spaces and environmental education. The programme is managed by the Cyprus Marine Environment Protection Association (CYMEPA) under the auspices of the Commissioner for the Environment.

In 2018, Cyta received a Gold Environment Protector Award and, at the same time, a Special Honorary Award for the highest score in the 2018 Pancyprian Environmental Awards for Organisations and Businesses.

The Gold Environment Protector Award is the most important environmental award in Cyprus and is given to businesses and organisations which manage environmental issues as an integral part of their operating policy, by establishing practices and actions that protect the natural environment, reduce consumption of natural resources and support local environmental bodies, and in recognition of their own environmentally friendly actions.

This award for Cyta represents yet more significant recognition of the Organisation and its CSR-related activities. Cyta has also been honoured as the organisation in Cyprus to register Zero Waste to Landfill, recycling/reusing 97.3% of the waste created by its activities in 2018.

As it does every year, Cyta was an active participant in the 2018 Earth Hour activities in Cyprus, calling on bis personnel, customers and the general public to take part in the symbolic act of switching off their lights for one hour on Saturday, March 24. The Organisation is a long-time contributor to this campaign to raise environmental awareness and has taken systematic action to reduce energy consumption. Among other things, with the help of its personnel, Cyta is continuously reducing electricity consumption in its offices, in conjunction with various initiatives and environmentally friendly measures aimed at reducing waste and conserving resources.

Also in 2018, Cyta won 1st Prize in Cyprus at the 2018 Green Public Procurement Awards (CY GPP Awards). Cyta won four more awards in the following categories: "Computers & Domestic Appliances", "Vehicles", "Photocopiers & Printers" and "Climate Control". The aim of the Green Public Procurement Awards is to recognise bodies that promote Green Procurement and/or take specific actions to promote Green Markets in Cyprus and introduce ecological criteria to

public/private markets, etc. The awards were established by the Department of the Environment and the Cyprus Energy Office.

The awards have particular significance for Cyta, representing recognition of a whole decade's efforts, since it was in 2008 that the Organisation first drew up and implemented its Green Action Plan. Above all, however, they demonstrate in action Cyta's commitment to providing products and services that contribute to sustainable development, while minimising the impact of the Organisation's activity on the environment and reducing its carbon footprint.

Cyta is the first strategic partner of the Cyprus Forests Association and BirdLife Cyprus and together they take actions that contribute to protecting biodiversity in Cyprus. Specifically, in the framework of its environmental policy of protecting bats and swifts that are affected by mobile telephony masts, various actions have been taken, including the funding of special systems that help with the hibernation of bats in caves in Troodos and Akamas. Additionally, special sound systems have been installed in Cyta buildings to reproduce the calls of swifts, with the aim of attracting them to use the artificial nests that have been placed on the balconies of the buildings.

Public perceptions of Cyta

As with other groups of stakeholders, Cyta maintains close relations and two-way communication with representatives of society so as to keep in touch with, and respond to, people's changing expectations and needs.

Among other things, through market research we regularly measure public perceptions of the Organisation's performance regarding the social, environmental and economic dimensions of CSR. In order to have a measure of comparison and to know where Cyta stands compared to other organisations, we also measure the same parameters regarding the image of similar large organisations operating in Cyprus.

Fulfilment of expectations, reliability and trust
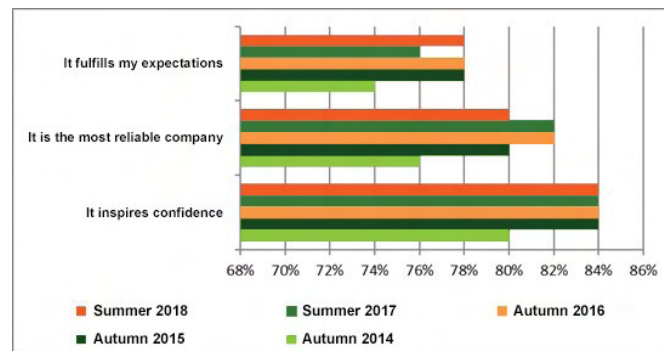
Contribution to the Country, Society and the Economy
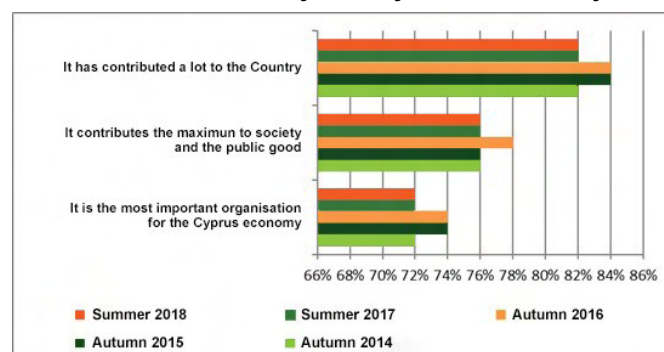
Quality of Products and Services and Respect for Customers

As an Employer, Taking Care of its Personnel and the Environment

Management

HUMAN RESOURCES

Personnel Health & Welfare

Cyta's interest in the welfare of its personnel continued in 2018 through the successful institution of Workplace Doctor, the provision of support to employees facing problems and the organisation of events.
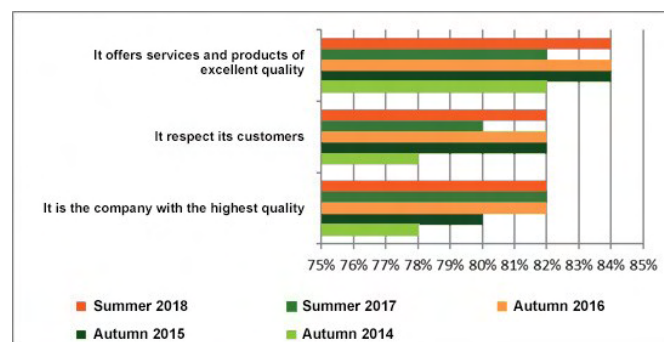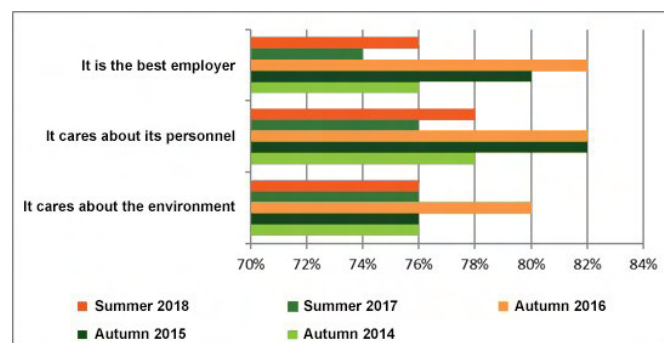
The institution of the Workplace Doctor continued in 2018 with the provision of primary healthcare to employees in the Greater Nicosia area and through the implementation of preventive medical tests either for all or for targeted groups of employees, such as, for example, flu injections for vulnerable groups of personnel and the programme of conducting medical tests on the members of pole climbing crews.

In the context of Cyta's Psychosocial Risks and Work-related Stress Management Project, a series of targeted personnel trainings was held in 2018 on issues relating to strengthening mental resilience.

Furthermore, we continued to implement work/life balance programmes, such as teleworking and staff social and financial support schemes.

At the same time, cultural and social events were organised for members of staff and their children, while prizes and scholarships were awarded to outstanding students from employees' families.

Training and Development

In recognition of the fact that knowledge is one of the Organisation's most valuable resources, we incorporated Knowledge Management into our strategy as a key component of continuous improvement.

In the context of our policy of encouraging life-long learning and the systematic development of our employees, in 2018 we continued to provide many and varied opportunities for training, development and learning, funding their participation in training schemes and certification programmes in Cyprus and abroad for the development of their knowledge, skills and personal competences.

Some 62% of staff participated in training schemes in 2018 and the corporate index of training days per employee was 4,45, while human resource development as a percentage of payroll was 1,97%.

Additionally, we continued training on issues concerning technology, IT systems, social networks, network and service security and customer service. At the same time, we held training sessions that reinforced our personnel's knowledge of issues including "First Aid in the Workplace", "Teamwork" and "Resilience" and performance management skills, with particular emphasis on feedback, and on software supporting the Performance Management System.

At the same time, in the context of familiarising staff with and deepening their acquired knowledge and skills, we constantly offered them alternative learning methods such as the provision of consultancy services to Units/Services/Departments on the impending implementation of the Performance Management System, utilising a range of communication channels such as on-site presentations all over Cyprus, the creation of a website/management tools/videos demonstrating the supporting software.

In addition to traditional forms of education/development/learning, we also designed and/or promoted other forms such as in-house training, online training/learning and specialist certification on technical and non-technical issues.

At the same time, we promote better quality in how our in-house training is carried out by members of the Organisation working in various units, through the official certification of the Human Resource Development Authority of Cyprus, in accordance with European standards.

In 2018, Cyta's Human Resource Development Centre (HRDC) continued to comply with the provisions of the System of Evaluation and Certification of Training Providers of the Human Resource Development Authority of Cyprus and maintained its certification as a Vocational Training Centre

(VTC). This enables us to fund in-house training programmes that are carried out on the premises of the HRDC. We focus on achieving the Organisation's goals through a multi-faceted approach, based on the systematic and conscious recognition, retention, dissemination, optimum use and development of the knowledge that exists within Cyta.

Industrial Relations

Maintaining good industrial relations through regular meetings with the trade unions was a crucial factor in Cyta's success during the year under review, to which all involved parties contributed with mutually agreed solutions that were applied to various internal problems that arose.

Additionally, in 2018 discussions were held on the renewal of Collective Agreements for permanent and hourly-paid personnel for the period 1/1/2015 - 31/12/2018.

In the above context, the Organisation continued a dialogue with the trade unions on a variety of issues related to its modernisation.

Recruitment

In 2018, no vacancies were announced at Cyta in view of the freezing of recruitment in the broader public sector. However, the necessary approvals were granted for the unfreezing of a number of posts for Accountants, Legal Professionals, Engineers, IT staff, Electricians and IT technicians, which were deemed essential for the smooth running of the Organisation in the context of replacing personnel.

Preparations thus started for the publishing of vacancy notices for these posts as early as possible in 2019. Recruitment was carried out using the lists of successful hourly paid Cytashop assistants, Call Centre assistants and Technical Assistants with the sole purpose of replacing hourly paid employees

leaving Cytashops or the Call Centre and covering an additional 55 hourly paid staff in the three categories, following the approval of the Minister of Finance. At the same time, the evaluation process of candidates was redesigned with the aim of announcing new vacancies in the immediate future.

Hourly-paid Staff

In 2018, in view of the latest recruitment to fill new posts as well as replace those vacated due to resignations, we reviewed the system of allocating hourly-paid staff by service/unit and category/role. The aim of this review was to make the most of our hourly-paid employees according to the real needs of the Organisation, as determined by taking into account the fact that the demands of the various services are constantly changing.

Finally, in recognition of our hourly-paid staff's contribution and dedication to the Organisation, in 2018 we continued to implement the emoluments scheme, according to which a higher rate of pay was given to employees with more than two years' service, provided that their performance during the evaluation period was satisfactory.

COMMUNICATION POLICY

Technological developments have significantly altered the role played by telecommunications companies in the daily lives of their customers. Cyta knows better than any how important communications are in increasing a country's economic growth and social progress and it aspires to become the main force behind the digital transformation of Cyprus, making the most of its specialization and expertise.

Cyta's communication policy is based on its modern role. Through its services, it wants its customers to experience two of the Organisation's key values: empowerment and trust.

The future is exciting, with great potential for rapid growth. Technology empowers customers so that they can live their lives as they choose and enjoy a feeling of freedom when they experience the modern services and excellent service that Cyta gives them. Our slogan "Get closer. Touch the World" shows our customers the possibilities that are open to them.

During its 60-year history, the Organisation has gained the trust of its customers and, with the same inexhaustible passion, it continues to communicate with them in a sincere and transparent manner.

Our vision and mission underly our communication policy.

Vision

To provide modern electronic communication solutions that give people the freedom to discover and communicate with the world.

Mission

To provide integrated and reliable electronic communication solutions in a simple, smart and secure way and to improve our customers' way of life and level of productivity.

Constant progress and innovation are long-term objectives of the Organisation and we wish to inspire our personnel and, of course, our customers with the same goals.

In 2018, through a systematic programme of activities and projects, we reinforced the position and image of Cyta in the market.

Focusing our attention on the provision of integrated solutions, we implemented a single, unified communication strategy with a uniform style, primarily promoting and reinforcing our corporate brand. There is continuity among all the brand's contact points and all promotional activities, ensuring that the Organisation's communication and promotion are simpler and more effective.

With the aim of improving the Organisation's internal communication, we conduct qualitative research to measure and monitor our personnel's views on Cyta, as well as to identify issues of concern to them.

At the same time, with integrated brand management as our aim, we continued to carry out market surveys for the measurement and constant monitoring of our brand value/productivity. The results of these surveys are a significant tool in the hands of the Organisation's Management and Executive when it comes to decision-making and corrective actions.

Crisis communications management is an integral part of communications. Processes have been developed to deal with potential crises at communications level with the contribution of the Organisation's Board and Management.

We shall continue to invest in our brand so as to strengthen it even more as we look forward to the prospect of our Organisation's continued success and more of the long-term trust that our customers and associates have shown in us.

Media Relations

With the aim of providing timely and reliable information to the public, in 2018 we continued to issue regular Press Releases which were distributed to the media. Cyta officials participated in radio and television interviews and discussions and gave interviews to the press. Additionally, articles and other material about the Organisation were published, press conferences were held and public information campaigns were undertaken on a variety of issues.

Online Presence

Our benchmark corporate website www.cyta.com.cy is modern and functional, offering ease of navigation and enabling users to search for information about Cyta products and services and about the Organisation.

The website also lets users register with My Cyta, which offers exclusive benefits, including:

- Easy and secure online purchases and upgrades of products and services
- Management of Cytamobile-Vodafone services (free text messaging, top-up, etc.), Cytanet services (Web Mail) and Fixed Telephony (management of BBT Home) and
- The ability to check and settle bills online via the ebill service

It is also worth noting the electronic invoicing service, by which customers may receive bills in PDF format via e-mail as well as manage them through their My Cyta account.

Moreover, via the corporate website, visitors can access other useful Cyta sites such as the Yellow Pages & Telephone Directory, the Cyta Sales Network and the websites of the Organisation's subsidiary companies. They can also find information about Cyta, Cytashops, Press Releases, Annual Reports, etc.

Cyta maintains a dynamic presence on social media, including the following accounts:
• Facebook: cytaofficial, cytamobile και soeasy
• Twitter: @cytacyprus and @cytasupport
• Instagram: cytamobile_vodafone
• LinkedIn: cyta
• Youtube: cytacyprus, cytamobile, cytasupport and
  cytavisionsports
• Forum: cyta.com.cy/forum

Keeping up with the trends of the times, we use our dynamic presence on social media to provide customers with a continuous flow of information about new services, products and the latest special offers, competitions, events and draws, and as a channel of interactive communication with our customers. Our experience and knowledge enable us to provide informative/training presentations to business customers on the proper use of social media.

Furthermore, our provision of the following easy-to-use and functional mobile apps is of great significance to subscribers:
- **selfCare:** to manage their accounts and services easily and quickly from their smartphones.
- **personalCloud:** to easily and securely store contacts, photos, videos, music and other files in their personal Cloud space. At the same time, they have immediate access to all these from all their devices wherever they happen to be.
- **liveSports:** to have highlights of the Cyprus Football League, the UEFA Champions League and Europa League matches on their smartphones.
- **safeMobile:** to manage the way in which their children use their smartphones, offering them a secure online environment and protecting them from dangers on the Internet and from other apps.
- **CytaInfo+:** to be always in contact with Cyta, with immediate access to information and service.
- **Tel OntheGo:** to use their fixed phone number anywhere in Cyprus or abroad and benefit from local call charges.

In addition to the above, we work in partnership with the non-profit organisation Junior Achievement (JA) Cyprus, thereby supporting student entrepreneurship and the promotion of an innovation culture among the young people of Cyprus. In this context, we instituted training for students taking part in the JA Cyprus Student Company of the Year competition on issues pertaining to social networks and how student entrepreneurs can use social media to promote their company's products and services.

Within the Organisation we continue to operate our own Intranet, which has been upgraded to an Intranet Portal and is a fast and reliable means of internal communication and information exchange. At the same time, we publish Cyta's 100% digital magazine for current and retired members of staff entitled "Let's Talk".

The above activities contribute to the creation of the optimum online presence for Cyta, enabling self-service and the best possible customer experience.

QUALITY AND BUSINESS EXCELLENCE

In 2018, we continued to place special emphasis on achieving business excellence by seeking to improve business activities as regards quality, efficiency and effectiveness. Maximum efficiency and quality of activities are secured through the alignment of the main end-to-end activities, continuous upgrades to the Quality System (ISO9001 certified) and the constant upgrading of other standards for certification, such as ISO 27001 (Data Centres - Information Security Management), ISO 18295 (Customer Contact Centre Management) and certification by the National Supervisory Authority of the Department of Civil Aviation as a provider of Communications Services, in accordance with the provisions of EU Regulation 1035/2011.

STRATEGY

In 2018, Cyta continued the systematic monitoring of its corporate efficiency through computerized project and indicator management and through the alignment of its strategy at all levels.

Cyta is an active member of important international telecommunications organisations, including the Association of European Telecommunications Network Operators (ETNO), the Broadband Forum and the TeleManagement Forum.

INFORMATION SECURITY AND TELECOMMUNICATIONS FRAUD MANAGEMENT

In line with the Vision and Mission of Cyta, information security is an integral part of the quality it provides and together they comprise a competitive advantage for the Organisation.

Among other things, Cyta keeps its personnel, customers and partners fully up to date on issues pertaining to

telecommunications fraud and information security with the objective of raising their awareness and vigilance. Annual training is provided to all members of staff in the form of presentations.

Information Security

Our Organisation is active in matters of information security via the implementation of specific measures and processes such as regular security checks and hacking attempts, security assessments of new services, physical security/guarding, reasonable access to apps, monitoring of online access, etc.

On issues of information security and personal data protection, we follow a holistic approach, based on risk assessment methodologies and international standards.

At corporate level, with the aim of ensuring the security of all our main processes, an Information Security Management System (ISMS) based on ISO27001:2013 and ISO27002:2013 is in place, with the involvement of the Management Advisory Committee, information security liaisons in all departments and, in general, all members of Cyta's personnel. In the context of the ISMS, information security policies are implemented at corporate level for many

issues such as cybersecurity and the security of applications, personnel, networks, services, etc.

For certain units and activities, a project has been completed to develop a complete ISMS, which has been certified to ISO27001:2013.

In order to evaluate the application of the ISMS, annual internal inspections are conducted. Additionally, at regular intervals, a Social Engineering check is carried out by external associates.

Telecommunications Fraud Management

We take measures to prevent and stamp out telecommunications fraud, a phenomenon that is assuming increasingly worrying dimensions all over the world. For the detection and investigation of instances of fraud against Cyta, a specialist team using dedicated technology works in conjunction with various services within and outside the Organisation. In the framework of its social responsibility, Cyta has expanded its activities aimed at preventing and stopping fraud aimed at its customers so as to protect them from malicious acts.

IT

The implementation of the Organisation's strategy relies on its IT systems. Through studies and IT and technology upgrading projects, we propose, implement and maintain solutions to ensure essential business flexibility and lower the Organisation's costs.

We continued to expand and equip the two new modern high availability Data Centres, which guarantee the security of the information hosted in them. The major part of the

Organisation's computer infrastructure is hosted by these Centres, which, at the same time, host customers' equipment. In 2018, we maintained the quality certification of the two new Data Centres with Data Security ISO27001, which sets out the requirements that an Organisation must comply with if it is to fully and effectively manage its information, regarding its confidentiality, integrity and availability. Compliance with the standard is demanded by corporate customers in the public and private sectors.

In 2018, the implementation and management of the Health Insurance System was completed, which is one of the most important potential factors in the implementation of the National Health Scheme (NHS). Cyta, as a sub-contractor of the project, is responsible for hosting the system, managing the servers at equipment level, for the virtual environment of the servers, the operating system and the database and the Customer Contact Centre as well as the coordination of the entire technical solution.

We are continuing to extend the new virtual IT infrastructure, while gradually transforming existing physical servers into virtual ones, with significant advantages, including conserving resources and increased flexibility.
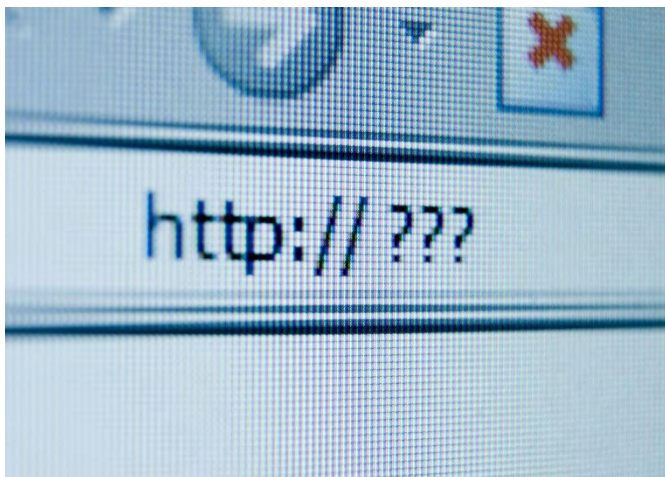

We continue to upgrade our Business Support Systems and Organisational Support Systems (BSS/OSS), in support of the provision of new, innovative products and services and the introduction of new technologies and facilities. We are speeding up the replacement of the Organisation's existing BSS/OSS systems with the ultimate aim of being able to offer customers new, modern electronic communication services. By making modern and flexible tools available to Customer Service staff and through the automation of processes, we are reducing costs significantly, further increasing productivity and improving the Customer Experience. We are upgrading the Customer Relationship Management (CRM) infrastructure and building new, modern customer service monitoring and support systems.

At the same time, we are developing suitable infrastructures/platforms for the effective participation of our Organisation in the new digital service provision ecosystem, while supporting efforts aimed at growth and innovation in the country. We are strengthening the potential of IT in the implementation and provision of digital services in various areas, support for new collaborative business models and the maximum use of real-time information available to the Organisation.

We are constantly upgrading our online presence through Cyta's Internet portal, as well as through Mobile Apps. We offer self-service options through various online channels and we are improving electronic communication with our customers. Our aim is to provide a single unified customer service via all channels (the Omnichannel approach) with the emphasis on the optimum customer experience. At the same time, by sending customer bills by e-mail, we have made significant reductions to our paper consumption.

We support and we are extending our Enterprise Resource Planning (ERP), which covers most of the Organisation's financial management activities. At the same time, we continue to develop applications that support other internal activities. We are upgrading the Organisation's Intranet Portal, through the use of technologies that lay the foundations for the creation of a digital workplace, offering new ways of communication and cooperation among Cyta's people.

We are broadening our business intelligence applications in order to provide the appropriate information and knowledge at various organisational levels, with the aim of providing optimum support for, and monitoring of, the Organisation's activities. To this end, we use modern, multi-dimensional business intelligence and data warehouse tools, which draw upon information about all the Organisation's activities and transform it into useable knowledge.
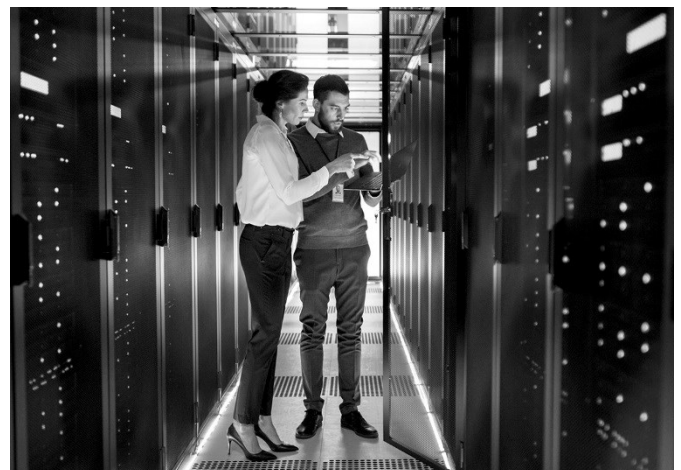
We support our internal customers on a daily basis, upgrading them constantly to the latest end-user software versions so as to carry out their duties in the best possible way. Through the use of modern services and productive tools, we began offering internal customers capabilities that help them carry out their business more effectively and faster, thus increasing their productivity. At the same time, the use of various teleconferencing and teamworking tools will help conserve resources and reduce the Organisation's operating costs. We print our customers' summarized and itemized bills, as well as letters to them, to fixed deadlines so that they reach customers on time.

We continue to search for ways of constantly upgrading/modernising our IT systems, which will simplify tasks through the use of integrated and uniform systems and make Cyta even more efficient and flexible, with the end user being the customer through the provision of the best service for his/her needs.

FINANCIAL MANAGEMENT

In the context of the difficult financial environment, both for the Cyprus economy and the broader area in which the Organisation is active, its robustness is, to a significant degree, based on rational financial management aimed at the achieving of its goals. Financial management contributes to the development and identification of the Organisation's strategy, it provides essential financial data in support of Management and guarantees that the Organisation's decisions are based on reliable economic criteria.

Through proper financial planning, we secure the essential resources with which to implement our corporate strategy. At the same time, we undertake significant financial management initiatives in support of the Organisation's strategic objectives, such as the strategic project aimed at ensuring optimum cost management.

Financial information is based on global standards and best practices. Moreover, we take all necessary measures to provide better customer service in difficult financial circumstances while, at the same time, we implement international practices for keeping bad debts at a low level.

REGULATORY ISSUES

During 2018, Cyta participated in public consultations concerning the regulation of electronic communications and

the analysis of specific markets and completed important projects such as the preparation and publication of the Offer for Wholesale Services.

SUBSIDIARIES SUPPORT DEPARTMENT

The objective of the Subsidiaries Support Department is to facilitate and coordinate communication and cooperation among the various departments within Cyta and those of the subsidiary companies, with the aim of achieving the alignment of goals and making the most of synergies so as to maximise the value of the subsidiaries to the benefit of the Organisation.

SUPPORT INFRASTRUCTURE & SERVICES MANAGEMENT

An essential part of the smooth running of Cyta is due to the best possible, most efficient and best integrated management of its support infrastructure, including, among other things, land, buildings, vehicles and machinery as well as security, fire protection and guarding systems.

BUILDINGS INFRASTRUCTURE

In 2018, the tender for the project to complete the unfinished renovation/upgrading of the old Electra Building was awarded. Work began in May 2018 and is due to finish before the end of May 2019. We also proceeded with the project to maintain the covered parking frames and to supply and install

polycarbonate sheets for Cyta's covered parking areas at its Head Offices, Saranta Spilia and Lycavitos, which was completed in December 2018.

We expanded and renovated the Linopetra Cytashop in Limassol, installed a new Cytashop in Nicosia Mall and completed minor refurbishments of the Agioi Anargyroi and Faneromeni Cytashops in Larnaca.

We continued with excellent results to provide support services for the development of the Mobile Telephony Network, through construction work on new and existing base stations and by preparing and submitting applications for both Planning and Building Permission for antennas on Cyta's buildings.

On the basis of a provision in the contracts, we extended for a third year two contracts signed with Fixed Period Contractors, which cover Cyta's needs for construction work and building maintenance throughout Cyprus. Work is carried out with excellent results.

We completed and finalised various cases that had remained pending for many years at the Department of Lands and Surveys, such as the registration of the road to the Makarios Teleport, the expropriation of the land on which the Famagusta Area Building was erected and the transfer of the plot of land at Kissonerga.

Through a Fixed Period Contractor agreement, we carried out interior and exterior restructuring work on the Makarios Teleport, including renovating the kitchen and constructing a section of the route leading to the antennas.

In 2018 we continued to provide high-quality islandwide cleaning and hygiene services to all our buildings. We responded to 400 requests to resolve issues in our buildings and successfully dealt with 120 concerning the need for ergonomic office furniture.

After publishing a tender, we took delivery of ergonomic chairs for Cytashop personnel all over Cyprus.

FLEET MANAGEMENT

As the competent Unit for the operation and maintenance of vehicles and machinery, we continued our efforts to reduce operating costs and conserve resources through the replacement of old vehicles with new ones and the reallocation of vehicles depending on their use (mainly based on distance covered), with some being withdrawn from service and through the creation of additional groups of Common Use Vehicles at manned buildings.

In 2018, we maintained high levels of preventive and corrective vehicle maintenance in all districts. We issued and/or awarded tenders for the supply of tyres and batteries and for preventive and corrective vehicle maintenance.

Furthermore, we continued - with significant savings - to obtain spares directly from the two largest suppliers of spare parts that are active across Cyprus.

In 2018, work continued successfully on the telematic vehicle fleet management system in all the Organisation's vehicles and towed generators.

During 2018, we completed the distribution of 106 new specialized vehicles. These new vehicles, which have lower fuel consumption and lower CO_2 emissions, replaced the same number of old ones. At the same time, in December 2018, approval was granted for the submission of the second order concerning 38 new vehicles.

In 2018, we published and awarded a tender for the supply of petroleum products.

INFRASTRUCTURE AND BUILDINGS SECURITY MANAGEMENT

In 2018, we continued to extend the islandwide Security System with the installation of new electronic access monitoring points and terminal equipment for the Electronic Timekeeping and Trespassing Detection systems and CCTV.

We continued to carry out preventive maintenance and repairs to the islandwide Security System and renewed the contact with the supplier (G4S Cyprus).

We completed the upgrades and strengthening of security measures, especially regarding the safeguarding of terminal equipment in all Cytashops across the island.

We participated in all the groups behind the implementation of projects regarding the new Cytashop in Nicosia Mall, the renovation of the Megaelectric Larnaca and Linopetra Limassol Cytashops, the renovation of the Electra Building in Nicosia and the new Nicosia ITN.

We were part of the team that maintained ISO27001 certification for the Data Centres at Platy and Amathus.

We completed a study on new generation security systems, which will allow the upgrading of the existing systems and this provide greater value to the Organisation and we proceeded to publish a tender for the Installation of New Recording Equipment and Management Software.

PROCUREMENT & STOCKS MANAGEMENT

The Department coordinates the other departments regarding purchasing matters, while its strategic mission and objective remains that of the reorganisation and centralization of the entire process in order to obtain economies of scale and other tangible financial benefits.

Another key activity of the Department concerns the Organisation's stores and inventory management. Through the use of modern methods, equipment and software, we aim to obtain financial benefits by reducing operating costs.

Products and Customer Service

A Fiber Network for Cyprus by Cyta

Recognising the demands of the new digital era, Cyta has invested in the design and installation of the only islandwide fiber network, with the goal of providing the country, its households and businesses with the ability to take advantage of the technology of the future.

The new fiber network being developed by Cyta offers speeds of up to 1Gbps and even faster speeds where necessary, making Cyprus one of the most modern telecommunications destinations in the world. Thanks to this advanced network, services are offered that not only make our daily lives easier but increase business productivity too. In 2018, the first stage of installing the fiber network began in large urban centres in

all districts and the project is continuing apace, with the aim of gradually connecting 180.000 premises throughout Cyprus, with 60% of the project completed within four years.

This is an investment of national importance, since Cyta's islandwide fiber network will contribute significantly not only to the communications sector but to the country's economy. Moreover, it will make a crucial contribution to the development and growth of new technologies such as Cloud, Artificial Intelligence (AI), the Internet of Things (IoT), Virtual Reality (VR), 3D printing, Autonomous Robots and more for consumers and business.

Residential customers will be able to enjoy an upgraded streaming, gaming, video chatting and sharing experience, as well as superior sound and picture quality.

For businesses, productivity and the communication experience will be significantly improved. Thanks to the network's superfast speeds, the time needed for completing tasks will be reduced, the transmission of large volumes of data will be possible, together with fast access to the most up-to-date business applications, including the Cloud, Office365

and services such as teleconferencing, telemedicine and, more generally, various remote access services.

PORTFOLIO OF SERVICES

FIXED TELEPHONY

Remaining true to our commitment to provide top quality, reliable Fixed Telephony solutions, we implemented a number of projects with the aim of enhancing the services we offer through the introduction of new facilities for both residential and business customers.

In the framework of the constant renewal of our technology infrastructure, we continued to transfer customers to the broadband telephony network, which has replaced the analogue fixed network.

The new broadband telephony network will enable us to respond to the increased needs of our customers with upgraded reliable solutions, with which they can communicate from anywhere, on any device, anytime.

The project is expected to reach completion in 2019 with the transfer of all business and residential customers to the new network.

In 2018, we designed and offered a new discount plan aimed mainly at new businesses, which is a financially attractive plan that covers their main needs for fixed telephony services (Telephony Small Business, Business Telephony and Business Telephony for PBX) and Internet (Internet Business products).

The **Business Start Plan** offers solutions for efficient, quality communication with customers and associates, which can be tailored to the specific needs of the business as it grows.

In 2018, customers benefited from special offers, including free installation of Fixed Telephony (in June and September 2019).

CYTAMOBILE-VODAFONE

In the mobile telephony sector, we continued to operate in a fiercely competitive environment, which is affected by broader global technological developments. Spearheaded by our reliability, we remain by a long way the consumer's consistent first choice when it comes to Mobile Telephony in Cyprus.
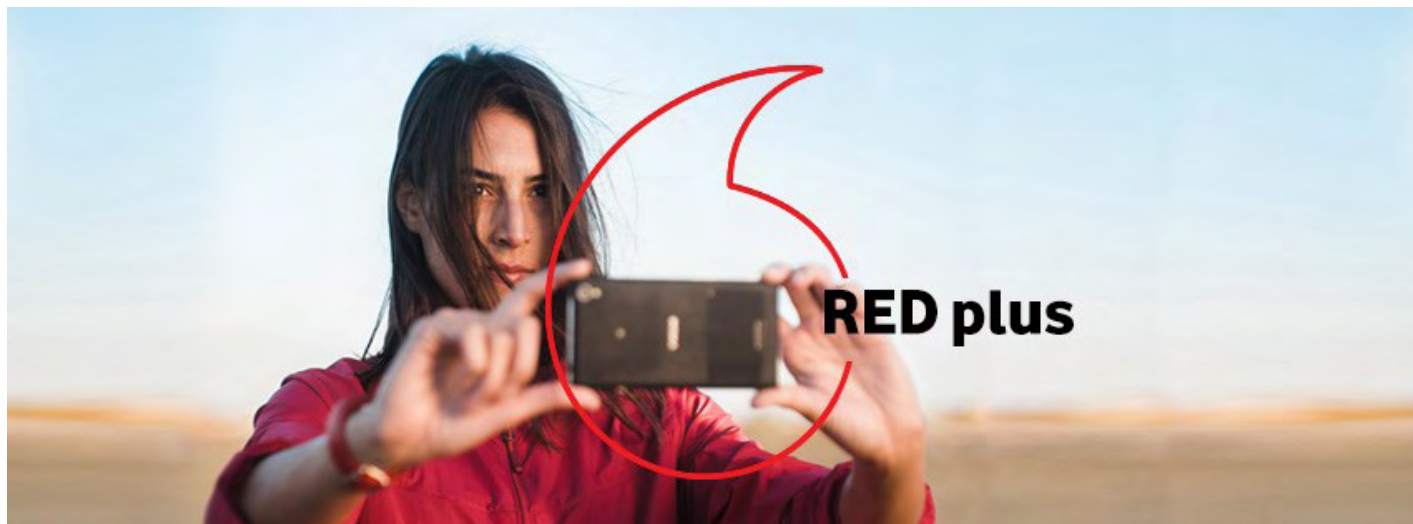
Since 2017, Cyta has provided the most technologically advanced network in Cyprus, upgrading it with 4.5G speeds. In 2018, it continued the major project of completely upgrading and modernising its mobile telephony network, showing once more that it was and will be the leader and

pioneer in the development of communications. With its new generation networks, Cyta leads the way, bringing tomorrow's communications today.

Progress is a constant for Cyta, which is why it continues to invest more and more in solutions that make its networks an important platform for innovation and growth and, above all, transform and broaden communication among people. Cyta acts to respond to the trends that keep it in step with the needs of its customers, who demand that flexibility, ease and speed be incorporated into the uninterrupted link between their physical and digital worlds.

With geographical coverage of the 3G network exceeding 99,5% and population coverage of 4G reaching 96% of the population, Cyta's customers can enjoy the benefits of the fastest and most technologically advanced mobile telephony network in Cyprus. Thanks to the vertical increase in speeds,

productivity rises and all one's personal smart devices are directly linked within a unified ecosystem.

The new 4.5G network has brought practical changes to our customers' daily lives and routine since it enables them to experience fast browsing speeds, immediate downloads of music and videos, rapid uploading to social media, high-quality online viewing and more. An essential requirement for total enjoyment of the 4.5G experience is a smartphone supporting the technology.

Monthly Plans
Cyta's RED & BLACK plans were designed to respond to our new and existing customers' modern demands by offering, via a reliable network, unlimited talk time and text messages to all networks, the chance to purchase the best smartphones on

the market, a large amount of MB for carefree Internet browsing, and many other innovative services and benefits, which are constantly being enhanced. The RED & BLACK plans, which represent the most complete communication option in the Cypriot market, have been warmly embraced by the public and have changed mobile communications in Cyprus, leading to a spectacular rise in Mobile Internet usage. The RED plus plan offers customers unlimited talk time, unlimited SMS and the choice of 1GB, 3GB or 5GB of Mobile Internet, while the innovative BLACK plan is aimed at customers with especially high communications requirements. It offers unlimited talk time, unlimited SMS, 20GB of Mobile Internet, 100 minutes of international calls to EU countries and a new smartphone every 12 months.

Cytamobile-Vodafone also offers the RED Family plan, which caters for the communication needs of the whole family. RED Family offers all family members carefree and economical

communication, with unlimited talk time, unlimited SMS and the chance to share 10GB (or 20GB) of Mobile Internet among themselves.

The new plans also allow subscribers to pay for any of the new smartphones available from Cyta through monthly instalments.

In June 2018, we restructured the Vodafone Mobile Broadband plans and, at the same time, introduced two new options of 40GB and 60GB, thereby completely satisfying the needs of customers with large volumes of data.
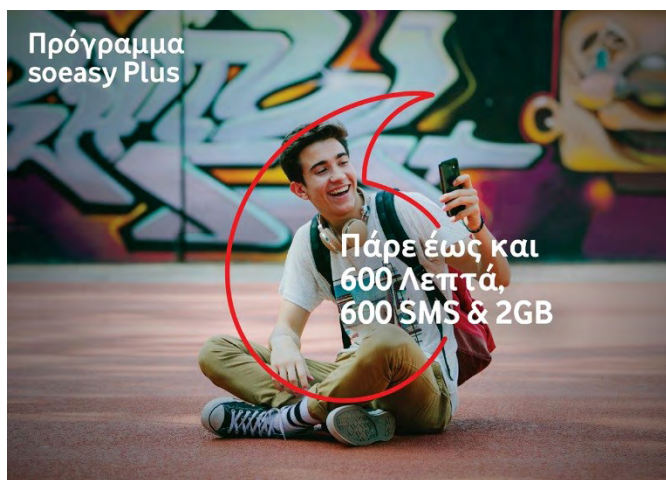
For customers who prefer to have total control over their account, without the commitment of monthly plans and bills and, for this reason, choose prepaid mobile telephony, in 2018 the soeasy pay as you go service enabled them to:

- Purchase a Connection Kit for just €2, which offers €1 of free talk time.
- Choose top-up amounts of €1, €3, €5, €10, €20 & €35.
- Activate the soeasy Plus plan, which offers bundled talk time, SMS and Mobile Internet with every top-up of €10, €20 or €35, so as to make full use of the capabilities of the 4G & 4.5G network.
- Choose from the new Mobile Internet packages with more MB for all their communications needs.
- Have up to 500MB free for an hour of browsing once a month, if they are out of Mobile Internet, via the Panic Button service.
- Participate in the soeasy Rewards scheme and win extra gifts with every top-up of €5 and more, either at once or by amassing points to obtain even bigger gifts within the space of a year.
- Manage their account easily and fast via the soeasy selfCare app.

We also upgraded content apps that offer even more value to the already attractive package of services. These are:

- selfCare
- personalCloud
- liveSports

At the same time, we continued to invest in the following services:

- Social Responsibility, offering the safeMobile application free to all Cytamobile-Vodafone customers, both pay monthly and soeasy pay as you go.
- Information and Entertainment, enhancing the Vodafone Live! and cybee Alerts menu.
- International Roaming, constantly adding new destinations (now 170 countries and 483 networks).
- Machine to Machine (M2M), providing a wide range of products, specially tailored to the needs of our business customers.

Finally, Cytamobile-Vodafone adopted fully the provisions of the European Regulation on International Roaming and implemented "Roaming Like At Home", enabling monthly paid and prepaid soeasy customers to use their plans with no additional charges when travelling within the European Union.

CYTANET INTERNET SERVICE

Acknowledging our responsibility as the biggest Internet Service Provider in Cyprus, we continued to thrive in 2018, thanks to significant network development projects and the provision of upgraded services, with a focus on quality and reliability.

We continued to upgrade the Cytanet network's local connections with multiple 100Gbps Ethernet connections. The total capacity of our connections to the World Wide Web is now in excess of 150Gbps with the emphasis on having connections at strategic points and an agreement to exchange traffic with the major global networks. At the same time, with the goal of improving the customer experience, we maintained our collaboration with the biggest providers on online content and the most popular social networks for local content storage.

During 2018, we began connecting customers to the Fiber Network in areas where we are developing Fiber to the Home (FTTH). Moreover, in the context of the project to upgrade the broadband copper network, we began connecting customers

through Vectoring technology and increased coverage with Bonding technology for the provision of faster quality access.

Other important projects were the following:

Expansion of the Cytanet Wireless Zone's Wi-Fi network
In 2018 there were over 200 Wi-Fi Hotspots all over Cyprus. We expanded our network to more outdoor public spaces, providing faster speeds and thus making the Internet more accessible outside the home.

Safer Internet Presentations
During the 2017-2018 academic year, a total of 105 presentations were given in all districts, attended by10.758 pupils and teachers. Since 2001, a total of 1.381 school visits have taken placed and more than 150.000 pupils and teachers have attended the presentations.

Additionally, during the same period, we presented lectures on "The Internet in our Children's Lives - Safe and Responsible Use", aimed especially at parents. The lectures were held either in conjunction with the Pancyprian School for Parents or directly with Parents Associations and school administrations.

During the presentations, special mention is made of the upgraded Safe Internet service, which is provided free by Cytanet to protect children online. Parents always show particular interest in the service, which offers protection to their children from illegal, undesirable and harmful Internet content.

LiveStreaming
This service offers customers in Cyprus and a good number of Cypriot sports fans abroad the opportunity to watch live Cypriot football.

In 2018, we enriched the sports content with matches from other football leagues.

Additionally, customers benefited from special offers, including free installation of Internet Home & Business products (June, September and December 2018), special discounts on Internet Home products and the new Business Start plan for businesses, which offers them Telephony and Internet solutions for effective, quality communication.

CYTAVISION SUBSCRIBER TELEVISION

Cytavision is the most complete subscriber television platform in the Cyprus market, offering a variety of sports and themed content. With the most live and exclusive sports broadcasts from Cyprus and abroad, more than 90 popular channels in all viewing categories and a broad range of interactive services that are constantly being upgraded, it offers quality entertainment and information for all tastes.

The service continues to offer three packages, designed to satisfy the different needs of our subscribers:

Super Pack with all Cytavision's sports and themed content, featuring more than 90 TV channels, including seven exclusive Cytavision Sports channels and Cytavision Sports HD.

Variety Pack featuring a large variety of entertainment with more than 75 popular channels from all viewing categories.

Value Pack featuring quality entertainment at an extremely reasonable price includes more than 50 popular channels from all viewing categories.

Content and services included in all three packages:
- All Cypriot channels in digital picture and sound quality

- Time Shifted TV, enabling viewers to watch programmes on Cypriot channels up to three days after their original screening
- Video on Demand with popular new and older movies
- Electronic Programme Guide (EPG)
- Potential for installing a 2nd set top box
- Access to adult channels for an additional monthly subscription.

Cytavision also offers packages to businesses wishing to provide upgraded entertainment to their customers.

Hotel Pack with the fullest entertainment package for hotels, with more than 30 channels from all the main categories.

Public Pack for businesses like restaurants and betting shops. It includes, among others, 7 exclusive Cytavision Sports channels and Cytavision Sports HD, for live football and other matches, 5 Novasports channels, as well as NBA TV, Eurosport1 and Eurosport2.

Cytavision is one of the most important services of Cyta's Triple and Quadruple Play proposition (Fixed Telephony, Internet, Television, Mobile Telephony) and it has a crucial role in the value of the proposition we offer our customers.

We are constantly investing in new content and innovative applications, new services and partnerships, to satisfy the needs of our subscribers and partners.

This is why, in 2018 too, we went ahead with a number of projects that serve our strategy and enriched our content with popular channels in various thematic categories at no extra charge:

More thematic channels
Our content was upgraded through the addition of Novalife, Mad Hits, MadGreekz and ART TV.

More sports content
Our sports content continued to offer the greatest choice to viewers. Among the significant developments in 2018 was the

renewal of our TV rights to matches in the UEFA Champions League and UEFA Europa League, as well as the qualifying matches by Cypriot teams in both competitions, the Italian football league, Cypriot basketball, the French and German cup competitions and Champions League Volleyball. As in the previous year, we also screened games of the Cyta Championship, the Cyprus Coca-Cola Cup, the qualifying matches by Cypriot teams in those competitions, the English Premier League and other major meetings and competitions in all sports.

Attractive Special Offers
During the course of the year, we offered free installation of the 1st and 2nd set top box to both new and existing customers.

CLOUD SERVICES

At a time characterized by significant financial and business challenges, Cyta is in a position to help every business manage its finances, optimise its working practices and increase its profits. Through our Cloud services, we provide businesses with online access to software applications and IT infrastructure, for which they pay a monthly subscription and no initial costs. We have

transformed the high start-up cost of investing in technology into a small operating expense.

Cloud services provide access to a shared space of parameterized computer resources such as networks, servers, webspace, software applications and hybrid hardware/software services that may be offered requiring minimum management.

We are dynamically growing our Cloud services portfolio with integrated solutions that respond to multiple business needs in all sectors of the economy. Our offering is enhanced by excellent technical support as well as the security and reliability of our infrastructures and data centres in Cyprus.

NATIONAL LEASED CIRCUITS

National Private Leased Circuits are one of the options available to business customers for networking services, offering a wide range of speeds up to 10Gbps. The service provides networking solutions of the highest quality for video, voice and data transfer. Companies can use Leased Circuits to create a private network linking their own premises to those of their customers and clients.

COLOCATION SERVICE

The colocation service enables customers to house their equipment on Cyta's premises.

In cases where customers of the Organisation wish to install equipment in areas where they do not own buildings, Cyta can host it on its premises, providing at the same time a broad range of telecommunications services.

DATA CENTRE SERVICES

Cyta's two Data Centres, in Nicosia and Limassol respectively, offer businesses the opportunity to operate their own servers in the specially-designed areas in the Centres and to take advantage of the benefits that their modern infrastructures provide.

Cyta's Data Centres are Tier III and guarantee their customers' business continuity. Moreover, they are certified to ISO 27001, which represents confirmation of the measures taken to secure and protect the Centres' infrastructure.

ETHERNET NETWORKING SERVICES

E-Line and EVPN networking services enable high-speed, low-cost telecommunications traffic transmission (voice, data and pictures) between two or more points within an enterprise.

The main advantages to our customers of these services over other networking options are their security, higher connection speeds and lower cost. At the same time, they offer a variety of speed options and data transmission prioritisation with three service quality levels (Gold, Silver and Bronze).

E-Line and EVPN use Cyta's Ethernet/IP network as a common infrastructure. The network, which is designed to international standards, provides islandwide coverage and is characterised by its reliability, security and the ease with which it can be extended and centrally managed. Monitoring by Cyta of all network equipment and the natural infrastructure guarantees the most efficient operation of end-to-end protection mechanisms and, by extension, the reliability of the services provided.

MANAGED SOLUTIONS

Managed Solutions complement networking services, mainly Ethernet and DSL Access VPN, with supply, installation, operation, management and support services for all the telecommunications equipment located on a company's premises.

With Managed Solutions, business customers can have a single point of contact for the order, support and management of equipment on their premises and for their networking services.

The Managed Solutions that Cyta offers are the most reasonable in terms of initial capital outlay, since customers are not burdened with the initial costs of purchasing equipment and they pay less to upgrade and replace it.

INNOVATION AND SERVICES DEVELOPMENT

Vertical Growth Areas

Innovation in a fiercely competitive environment is undoubtedly one of the most significant growth factors and a key strategic pillar of any business. Recognising this need and responding substantially to the challenges of the times, Cyta is examining its activities in new areas as well as the provision of new, innovative services that are related to its traditional offering and, at the same time, aim at securing new revenue sources.

In this context, in 2018 we continued to examine our activities in the vertical growth areas of e-Health, e-Government and Real Estate, bearing in mind that these areas offer the prospects of accessing alternative revenue streams. A strategy for every growth area has either been - or is in the final stages of being - formulated and the preferred business model is that of revenue sharing with limited capital expenditure (CAPEX), with companies and suppliers with ready integrated solutions.

In the area of e-Health, we drew up the Organisation's strategy and various implementation models are being considered, with the aim of setting up a Healthcare Platform. In 2018, we implemented major part of the Health Insurance Organisation software project in the context of our collaboration with NCR.

In the context of e-Government, we examined government projects that promote it and began designing the Hospital Information System.

Centre for Innovation and Idea Development (CIID)
For Cyta, innovation and entrepreneurship represent a key pillar for the continued growth and development of the Organisation. They are also priorities for its contribution to the establishment of a growth model for the country.

The long-term goals of Cyta's CIID are:
- To strengthen Cyta's corporate image
- To develop intrapreneurship programmes
- To develop an innovation and entrepreneurship culture
- To evaluate investment opportunities (start-ups)
- To promote Applied Research on the needs of Cyta and its customers through collaboration with Centres of Excellence and other bodies.

In 2018, the main objective of the CIID was to implement programmes and practices with the potential of educating and inspiring the personnel of the Organisation so that they may positively affect Cyta's innovation and entrepreneurship culture and contribute to the creation of new approaches to the work of each member of staff and, wherever possible, to the introduction of new services and products that can bring alternative sources of revenue.

We also continued to work on the development of a successful innovation and entrepreneurship ecosystem in

Cyprus. Through collaborations with other organisations in both the private and public sector, we aimed at helping young professionals develop their ideas and gain access to investment funds so that they may be commercially exploited by successful start-ups.

The main initiatives that we undertook in 2018 were the following:
- Organisation of entrepreneurship workshops with the participation of over 500 Cyta employees.
- Organisation of 8 seminars entitled "Shots of Inspiration", on innovation, entrepreneurship and personal development with the participation of over 1.200 employees from Cyta and other private companies.
- Holding two seminars on Cyta's intrapreneurship programme to companies, organisations and individuals with the aim of promoting intrapreneurship in Cyprus.
- Presentation of the work of the Centre for Innovation and Idea Development to the Organisation's new recruits.
- Continued publication of the Cyta Entrepreneurship Newsletter, containing articles on issues pertaining to Innovation and Entrepreneurship, which is sent to more than 20.000 readers within and outside the Organisation.
- Starting discussions on a strategic partnership with the KIOS Research and Innovation Centre of Excellence and the RISE Research Centre of the University of Cyprus.
- Collaboration with the Microsoft Innovation Center, the IDEA Centre and CIIM.
- Implementation of the Ad Platform idea, which emerged from the intrapreneurship programme in 2016.
- Continued participation in international conferences on intrapreneurship and innovation.
- Strategic partnership and implementation of the three-day Cyta Smart City Hackathon.
- Support to various initiatives and events related to innovation and entrepreneurship (BoC Hackathon, Reflect, Lean Start, Start-Up Chile, Space Apps, etc.).
- Holding a seminar on Intrapreneurship in conjunction with the Microsoft Innovation Center, of which Cyta has been a Strategic Partner since 2015.

CUSTOMER SERVICE

Our customers are our top priority. Through our efficient and reliable islandwide service network, comprising stores, the biggest Call Centre in Cyprus, Business Consultants, social media, online services and a strong network of partners, we aim to stand by our customers in every way and to offer each

one the modern electronic communication solutions that serve their particular needs.

Cyta's Call Centres on the islandwide number 132 (or (+357) 22880100 from abroad) operate 24/7, 365 days a year and deal with thousands of calls, presenting our products and services and offering reliable and timely service. The Cyta Call Centre was recently certified to ISO 18295-1 and thus became the only Contact Centre in Cyprus to obtain such certification and one of the first in the world. At the same time, Cyta has made a considerable investment in upgrading the Cyta Call Centre's infrastructure platform with the objective of providing more flexible and multifaceted customer service through a unified system including telephony, social media, selfCare apps, chat, etc. This new platform optimises customer service by bringing all communication channels under one and the same roof, guaranteeing continuity in communication with customers, irrespective of which channels they use. At the same time, the Directory Enquiries service on 11892, despite pressure from the Internet and modern smartphones, continues to serve the public, assisting thousands of customers daily and retaining its position as the leader in an environment of intense direct and indirect competition.

It is worth noting that, in 2018, we further developed the new Business Call Centre on 150 for business customers, reinforcing the role of Cyta in the Business Market. This important customer segment now has its own dedicated support centre, which provides information and resolves any problems that may arise.

We should also mention the development of our YouTube channel, which features short videos about our new products with the relevant user instructions. At the same time, we continued to offer support on social media and via the Cyta Forum (@Cytasupport, www.facebook.com/cytaofficial www.cyta.com/forum).

In 2018, the further improvement of our Customer Technical Assistance continued to be a key pillar of our efforts and goals. In this context, we invested in the further development of our human resources, emphasising best practices in the provision of quality service, we upgraded our IT systems,

introduced new technology and service monitoring tools, reviewed processes, improved quality monitoring systems and mechanisms, and made changes to the organisation and manning of our teams. The provision of excellent service is confirmed by our customers, who, in their responses to market surveys, distinguish us from our competitors and give us the strength and passion to continue our efforts for continuous improvement over the coming year.

True to our commitment to provide the optimum customer experience, during the year under review we helped a significant number switch to new and upgraded communication services and interconnections, we upgraded their services and offered preventive/routine maintenance of their network and provided new technologies and services, while making the necessary preparations on their network to enable a smooth or future transition to even more advanced technologies and services. Examples include the upgrading of a significant number of customers' internal wiring, the transfer of customers to Voice Over IP telephony through the use of a contracting partner's network, and the start of the Fiber to the Home project.

Residential Customer Service
We aspire to make every visit to our stores an enjoyable, special experience. In the design and layout of our Cytashops, we place emphasis on the ease of navigation through the store and on the provision of excellent service. The firm objective of the Organisation is to be as close to as many customers as possible, so in 2018 we added a new store in Nicosia Mall to our sales network. Continuing to upgrade our

in-store service and with the aim of making stores more user-friendly and functional for customers, in 2018 we renovated the Linopetra Cytashop in Limassol and the Fameromeni Cytashop in Larnaca, which operates inside the Megaelectric store. Customers are free to choose from a broad range of services and products and a large selection of accessories which is constantly being enhanced, to cover their telecommunication needs.

Following the successful trial operation of the first Cyta Support Centre in Nicosia, customers can receive upgraded service, with the support and guidance of our specialised staff, in order to deal with any problem that they may have with their devices.

Our sales network is a broad and efficient network of partnership stores, the location of which has been strategically chosen to serve our customers in the best possible way. It is manned by trained staff who serve customers in a responsible

manner, offering the full range of Cyta products and services. At the same time, our distributors make soeasy pay as you go products available through an extensive network of points of sale throughout Cyprus.

Business Customer Service
In today's especially complex and demanding international and local market environment, we remain focused on making the most of technological advances and the convergence of telecommunications and IT, acting as a one-stop-shop for our business customers, supporting them with reliable networks and high-quality service, and enabling their businesses to grow securely and flexibly.

The services we provide satisfy the demands of every modern business and compare most favourably with those available from telecommunications companies on a global scale.

The development, reinforcement and maintenance of long-term, mutually beneficial relationships with our customers, combined with the ability to enjoy a wonderful experience, are the key ingredients of our approach. To this end, we are strengthening our people with the high level of know-how and the advanced technology tools that our customers deserve as we serve them via a number of different channels.

Our specialist network of Sales and Service Consultants provides advice and an upgraded personal service to large companies and SMEs. Furthermore, customers who are interested in Cyta's business offerings can be assisted by our specially trained personnel by contacting (free of charge) the Business Call Centre on 150 or by e-mail to www.cyta.com.cy/send-email.

In addition to the above channels, customers can purchase and manage services online, via the websites:
• My Cyta: www.cyta.com.cy/my-cyta
• Cloud MarketPlace: www.cyta.com.cy/cloud-marketplace

Moreover, particular importance is given to the immediate technical assistance provided to our business customers through Cyta's Business Technical Support Centre which operates 24/7 and with technical support crews in all towns. For the installation of services ordered via one of Cyta's various assistance channels, experienced and well-trained personnel visit customers at their premises with the required equipment and every assistance to familiarize themselves with the functions of the said services.

Directory Services
In 2018, the Yellow Pages was given a completely new digital presence in response to the increased needs of the business community.

Through well-planned moves, we succeeded in taking our new upgraded website to the top of the results pages on search engines such as Google, thus exposing our customers to potential new clients looking for particular products and/or services or specific companies.

The website www.cytayellowpages.com.cy is an easy-to-use and reliable search tool, providing access to the Yellow

Pages, Government Telephone Numbers and the Telephone Directory, all of which are updated daily.

At the same time, it is used by businesses and professionals as an effective means of promoting their products and services, who select one of the promotional options we offer.

WHOLESALE MARKET

NATIONAL & INTERATIONAL WHOLESALE MARKET

In 2018 we continued to supply high-quality national wholesale products and services.

Our national wholesale products are offered to licensed national telecommunications service providers in a liberalised telecommunications market, in accordance with the regulatory framework and the principles of transparency, non-discrimination and cost-orientation. We drew up agreements with most national telecommunications service providers for the provision of products and services as well as the necessary support. We reviewed the templates for tenders and agreements and developed and upgraded support systems and processes for the provision and management of high-quality products and services.

Our international wholesale products and services are offered under the Cytaglobal sub-brand to internal and external customers such as national and international carriers, business customers and other partners. We have signed bilateral agreements for the provision of wholesale international telephony products for physical and virtual international private leased circuits, international Internet access, the leasing and concession of international network

infrastructure and other services, offering uninterrupted customer support.

The portfolios of national and international wholesale products and services are analysed below:

NATIONAL WHOLESALE MARKET PORTFOLIOS
Mobile Communication Interconnection and Services
Mobile Communication Interconnection and Services Portfolio includes products relating to Interconnection, Wholesale Leased Lines, National Roaming, Access to Cyta's Mobile Network and Mast Colocation.

Interconnection enables national providers to connect their networks to Cyta's fixed and mobile networks. Wholesale Leased Lines are circuits on the Cyta network that are leased to national providers, enabling them to interconnect nodes on their networks or on their customers' networks to their own network. National Roaming gives national mobile telephony providers access to Cyta's mobile network. National Roaming allows subscribers of these providers to use Cyta's mobile network in areas not covered by the national provider's own mobile network. Access to Cyta's Mobile Network enables national carriers to provide mobile telephony services to their subscribers via Cyta's mobile network as Mobile Virtual Network Operators (MVNOs). Today, one MVNO is using Cyta's network.

Telephony and Broadband
The Telephony and Broadband Portfolio includes products relating to Wholesale Broadband Access, Local loop Unbundling, Number Portability and Access to the Telephone Directory Database.

Wholesale Broadband Access enables national carriers to offer broadband services to their customers via Cyta's broadband network. Local loop Unbundling lets national providers lease Cyta's copper access network to provide voice and broadband services to their subscribers. Number Portability allows subscribers to keep their telephone number when they change provider. Access to the Cyprus Telephone Directory Database gives national carriers providing Directory Enquiries services access to Cyta's Cyprus Telephone Directory Database.

Since 2018, we have also offered wholesale Virtual Access products (VULA, Virtual Unbundling), which will be offered via Cyta's Next Generation Access (NGA) Network, consisting of the Fiber Network and Vectoring technology on the Copper Access Network.

Infrastructure Access and Leasing

The Infrastructure Access and Leasing Portfolio includes Building & Duct Colocation as well as National Provider Network Connection Services to Cyta's Access Network.

Building & Duct Colocation enables national providers to lease Cyta's infrastructure (buildings, forecourts and roofs, cabling and mobile communication masts) for the colocation of their equipment.

National Provider Network Connection Services enable national providers to connect their equipment either to the Main Distribution Frames or the Cabinets of Cyta's Access Network for the purpose of Local Loop Unbundling, or the Optical Cable Distribution Frames for the provision of wholesale Virtual Access products.

INTERNATIONAL WHOLESALE MARKET PORTFOLIOS

Cable and Satellite Interconnections

We provide cable interconnections to wholesale customers including indefeasible right of use and lease of cable capacity to local and international carriers, interconnection of international capacity via national networks as well as extended international capacity from its cable landing stations to equipment colocation premises of licensed national carriers. We also provide international media recovery services and advisory services pertaining to undersea cable systems management.

International Satellite Products

We provide satellite services to the international market, including the resale of space segment capacity, the provision of satellite links and facilities from Cyprus. These include satellite links for the provision of Internet and data services, VSAT services on land and at sea, satellite monitoring and maintenance services, colocation of satellite equipment and radio/TV programme relay products.

International Leased Connections and Global Internet

Via Cyta's MPLS backbone network and international nodes in Athens, Sofia, Frankfurt and London, we offer business and wholesale customers International Virtual Private Networks (MPLS-VPN) and both virtual and International Ethernet-over-MPLS (EoMPLS) networks. Via a reliable cable infrastructure with full network and equipment protection, virtual connections are offered as point-to-point and point-to-multiple-point, while voice, data and picture transfer are enabled via different classes of service (Gold, Silver and Bronze).

Additionally, we offer business and wholesale customers physical International Private Leased Connections with transparency of capacity, which are ideal for applications requiring reliable and fast data transfer. Physical International Private Leased Connections are usually provided as half-circuits or full circuits via undersea cables at speeds ranging from 64kb/s to 10Gbps based on SDH or Ethernet-over-SDH (EoSDH) technology. The extensive international cable network and the multiple landing stations of Cyta and its partners guarantee interconnectivity and total protection. Our customers receive personal service though a business consultant and 24-hour technical support.

Furthermore, through connections to nodes on Cyta's networks in Cyprus or those of our partners abroad, we provide international wholesale customers and Internet Service Providers with high quality protected access to the global Internet through the use of a variety of technologies and routing protocols and with backup capacity availability in the form of bandwidth-on-demand.

International Wholesale Telephony

Παρέχουμε We offer products for international outgoing traffic to all fixed and mobile telephony networks around the world on a wholesale basis to internal customers, to satisfy Cyta's retail customers and for resale to licensed providers in Cyprus and abroad. For the provision of international outgoing

telephony, we maintain direct connections with 60 telecommunications organisations worldwide, guaranteeing competitive terminal charges and top-quality alternative routing. With automated processes and specialist software, we support multiple routing to international softswitch exchanges with the aim of offering excellent quality international telephony at extremely competitive prices. At the same time, we provide international correspondents with termination of incoming traffic on all fixed and mobile networks in Cyprus, international wholesale transit traffic services as well as international and universal freephone call products for business customers all over the world. Also, through the Cytamobile-Vodafone network, we provide International Wholesale 2G, 3G and 4G Roaming to more than 470 mobile telephony networks, enabling visitors to Cyprus to use their mobile devices for phone calls, text messages and Mobile Internet when roaming.

SERVICES TO THIRD PARTIES

Aeronautical Services

Services to the Department of Civil Aviation

Cyta provides technical support (supply and maintenance of equipment) to the Department of Civil Aviation, which is responsible for the smooth, safe, effective and efficient management of air traffic within the Nicosia Flight Information Region (FIR).

The support provided serves the needs of the Department of Civil Aviation which are based on international standards and the recommendations of the International Civil Aviation Organisation (ICAO) and in compliance with the programmes of the European Civil Aviation Organisation EUROCONTROL.

It should be noted that Cyta is the first and only Organisation in Cyprus to be certified by the National Supervisory Authority as a Communication, Navigation, Surveillance (CNS) Provider, in accordance with the provisions of EU Regulation 1035/2011.

The broad range of support services includes corrective and preventive maintenance to such a standard as to guarantee reliable and high-quality communications between air traffic controllers and aircraft, the monitoring of aircraft movements via radar facilities, the retransmission and exchange of aeronautical information and meteorological announcements. The equipment being maintained includes navigational aids such as VOR (VHF Omni-Directional Range), ILS (Instrument Landing System), DME (Distance Measuring Equipment) and DF (Direction Finder) at Larnaca and Paphos airports.

In the framework of harmonisation with the programmes of the European Civil Aviation Organisation EUROCONTROL and the Single European Sky, we completed the installation and testing of the radar system at Lara Station. At the same time, we signed contracts for the supply of two Voice Communication Systems (VCS) at Larnaca and Paphos airports.

Services to the Meteorological Service

We continued to provide telecommunications facilities and technical support to the Department of Meteorology, mainly for the preparation and distribution of Weather Forecasts and Flight Plans.

Services to the Joint Rescue Coordination Centre (JRCC)

We continued to provide data and voice services and technical support to the Joint Rescue Coordination Centre (JRCC).

Subsidiaries

DIGIMED COMMUNICATIONS LTD

Digimed Communications Ltd is a wholly-owned subsidiary of the Cyprus Telecommunications Authority (Cyta), which was set up with the aim of realising the Organisation's strategy for the vertical and horizontal expansion its activities in Cyprus and abroad.

The pressure of increased competition in local and international markets, together with the slowdown in business activity as a result of the global and local financial crises,

CYTA UK LTD

Cyta UK has its own high-tech telecommunications node, based on the MPLS protocol, using media gateway and new generation SDH equipment and housed in London. The node is linked to similar telecommunications nodes in Nicosia and Athens owned by Cyta and its related company, Cytaglobal Hellas AE, respectively.

The company is active, in conjunction with Cyta and its related company, Cytaglobal Hellas AE, in the provision of

make Digimed's contribution to the Organisation's response to the challenges of today's telecommunications business environment a necessity.

In collaboration with the responsible department within Cyta, the alignment of the subsidiaries with the Organisation's strategic and business objectives remains Digimed's top priority. To this end, Digimed and the subsidiaries support Cyta's strategic direction, which is firmly focused on technological development and being a leader in telecommunications infrastructure and providing integrated, reliable and innovative services to its customers. At the same time, Digimed and the subsidiaries support the goal of creating international strategic partnerships to maximise the Organisation's value.

CYTA HELLAS AE

In July, 100% of the shares in Cyta Hellas were sold to Vodafone Hellenic by decision of the Cyprus Telecommunications Authority and Digimed Communications Ltd.

international virtual leased connections to providers and corporate customers in the UK and elsewhere, while it also offers, on a resale/leasing basis, occasional colocation services, local loops and other local connections within the UK via its associates and other subcontractors. Also, in collaboration with Cyta, the company is in a position to offer interconnection, voice, signalling and Internet on a wholesale basis.

At the same time, the company is active in the UK retail market, mainly with residential and business customers in the Greek-speaking community. On the basis of the Organisation's strategic direction, a decision was taken to investigate the possibility of ending the company's activity in the retail market. In this regard, a tender was published, which is currently in force, to look into investor interest.

CYTACOM SOLUTIONS LTD

In 2018, Cytacom Solutions Ltd continued to provide integrated quality and innovative communications and IT solutions/services, tailored to the needs of each customer.

The objective of Cytacom Solutions Ltd is to enable its customers to benefit from the potential of technology and to improve their entrepreneurship.

The company's vision is to be the first choice for the design and provision of specialised and integrated communication and IT solutions to organisations and businesses in the Cypriot market with the following products/services:

- Provision of Integrated IT solutions and electronic equipment and IT software support and maintenance
- Networking, IT and telephony equipment
- Project management & consultancy services
- Website and online platform design and development
- Bulk messaging (webSMS.com.cy)
- Top-up service (soeasyprepaidcards.com.cy)
- Development of integrated online IT system applications/connections
- Communications security

The company's long-term objectives are:

- To maintain its position in the Cypriot market as one of the most reliable organisations providing integrated solutions.
- To increase turnover and profitability.
- The development of a corporate culture and image and incentives to reinforce personnel loyalty and dedication.
- Continuous personnel training in new technologies so that the company has a core team of top engineers with which to serve its customers and Cyta itself.
- To support and complement Cyta's new products in the area of Solutions and Convergence Services.

CYTAGLOBAL HELLAS AE

Cytaglobal Hellas AE was established in Athens on 5 November 2003 as Cyta Hellas AE. On 2 January 2007, following a decision taken at an extraordinary general meeting of the shareholders, the company was renamed CytaGlobal Hellas AE and the right of use to the brand name Cyta Hellas was assigned to another Cyta subsidiary.

The company has its own high-tech telecommunications node, based on the MPLS protocol and using new generation SDH equipment, housed on the premises of TI Sparkle Greece AE in Athens. The node is linked to similar telecommunications nodes in Nicosia and London owned by Cyta and its related company, Cyta UK Ltd respectively.

The company, in collaboration with Cyta and its related company, Cyta UK Ltd, is active in the provision of international virtual leased connections to providers and

corporate customers in Greece and elsewhere, while it also offers occasional colocation services, local loops and other local interconnections within Greece on a resale/leasing basis via its associates and other subcontractors.

The company has also become active in the Data Centre market in Thessaloniki and Attica, through its participation in the share capital of Synapsecom Telecoms A.E.

IRIS GATEWAY SATELLITE SERVICES LTD

Iris Gateway Satellite Services Ltd provides satellite turnaround of radio and television programmes to the international market from Cyta's Teleports

In addition to satellite connections, Iris also offers services via optical cable systems in collaboration with Cyta's National and International Wholesale Market Services. It provides integrated solutions to customers interested in distributing their programmes to various locations internationally via a combination of cables and satellites. The company also provides support services to Cyta's satellite services.

In 2018, Iris broadened its activities further, with the provision of new services to new and existing customers. The extension of its occasional satellite television programmes was an important development, as was the satellite reception and cable transmission of TV programmes to Europe.

Network

SERVICE PROVISION PLATFORMS

Aspiring to the continuous improvement of the customer experience regarding Cytavision, we proceeded to implement the ambitious Connected TV project for the service's technological upgrade. The aim of the project is to make Cytavision's rich content available in 2019 on all our customers' connected devices – TV, PC, tablet and smartphone at home and laptop, tablet and smartphone outside the home.

Additionally, we upgraded more Cytavision channels to High Definition (HD), thereby bringing substantial improvements to picture quality and making Cytavision more attractive.

In 2018, we successfully completed the provision of Parental Monitoring/Safe Internet for all devices (PC, smartphone, tablet, etc.) without the need for installing client software.

We also finished replacing existing antispam systems in order to better protect customers from malicious messages.

CORE NETWORKS

National Transmission Network

The National Transmission Network serves the needs of Cyta's networks and those of its external customers at speeds from 64kbps to 100Gbps, with the greatest possible degree of reliability.

In 2018 we continued to expand the DWDM (Dense Wavelength Division Multiplexing) network, which is the backbone of Cyta's networks, providing them with superfast connections and, at the same time, serving major corporate customers. With the aim of providing faster and better customer service, we also further developed the new modern DWDM/OTN network, which is more flexible while allowing the provision of connections of up to 100Gbps.

We also continued to expand the new-generation SDH (Synchronous Digital Hierarchy) network for the provision of circuits of various speeds and, in particular, EoSDH (Ethernet over SDH) connections.

The DWDM and SDH networks operate via optical fibres in an arrangement that allows the uninterrupted provision of service, even when a fault occurs in an individual fibre.

International Transmission Network

In 2018 we proceeded to upgrade and expand significant satellite and cable systems, reinforcing the role of the Organisation and Cyprus more generally as a telecommunications hub in the broader Eastern Mediterranean region.

A. Satellite Systems/Services

Our three Teleports (Makarios, Hermes and Pera) are important international satellite gateways providing geographical backup. They provide broadband links to foreign Internet providers, with the parallel use of Cyta's undersea cable infrastructure. We also provide Satellite Tracking Telemetry & Command (TT&C) services as well as over the top (streaming) of television content.

In 2018, services were expanded at Cyta's Teleports for companies specialising in the provision of fast Internet and TV turnaround services. Connections were also made to global networks of providers that enable the transmission and receiving of TV content from anywhere in the world, via satellites and optical cables.

Cyta's teleports have all obtained full Tier-3 certification from the World Teleport Association. Moreover, Additionally, the Makarios Teleport has been included in Eutelsat's network of 'Preferred Teleports'.

B. Cable Systems/Services

Cyprus is connected with the outside world through six Undersea Cable Systems (UCS) that come ashore at two cable landing stations (Pentaschoinos and Yeroskipou).

These systems provide high availability telephony, Internet and leased connections to our customers in Cyprus. At the same time, transit connections are offered from the countries of the Middle East to Europe and the rest of the world.

In 2018, work was intensified on the ALASIA undersea cable system linking Cyprus and Syria. Due to Syria's political problems, we have not been able to complete this project so far, since it has been impossible to sign contracts with a company to lay the cable.

At the same time, efforts continued to reach a comprehensive agreement with the Lebanese Ministry of Telecommunications on the implementation of the EUROPA UCS (Cyprus-Lebanon). All the relevant documents have been agreed on and all that remains is the final approval for the project by the Lebanese Minister of Telecommunications.

Furthermore, the CADMOS system linking Cyprus and Lebanon was upgraded. The terminal equipment for the Pentachoinos-Ras Beirut connection was replaced by state-of-the-art Huawei equipment, with an initial capacity of 5x100Gbs and the potential to expand it to 80x100Gbs.

The Alexandros system linking Cyprus with France and Egypt was also upgraded. The terminal equipment for the Pentaschoinos-Marseilles connection was expanded with Infinera equipment, thereby increasing capacity to Marseilles by 500Gbs.

IP Core Networks

In 2018, we continued the upgrade of the IP/MPLS backbone network through the installation of new generation equipment and the introduction of 100Gbps connections so as to support the constantly growing needs of our domestic and business customers for broadband services and those of other Cyta networks and services, such as FTTH, Connected TV and, later, 5G. We also completed the project to separate the IP/MPLS networks of Cyta and Cyta Hellas, which previously operated as a single network.

We installed new generation equipment on the international nodes of our subsidiaries Cytaglobal Hellas and Cyta UK in Athens and London respectively to service our international customers.

We upgraded Cytanet's IP network replacing its equipment with new generation versions and upgrading its core connections to 100Gbps. At the same time, we continued with upgrades to the DSL access network and to the Cytanet network's international connections so as to support the increase in Internet traffic, led by the latest wired and wireless broadband technologies (FTTH, Vectoring, 4/4.5/5G) and by the constantly growing demand for services such as OTT (Over the Top) and IoT (Internet of Things). Our ultimate goal is to enable our customers to enjoy services of the best quality. At the same time, we focused on improving business continuity, network security and Cytanet services. In this context, we implemented a solution allowing the provision of Safe Internet to all our residential customers.

Finally, we continued with the upgrade to the IP network that support's Cyta's Data Centres, so as to satisfy the needs of the Organisation's corporate IT systems and those of business customers whose systems and services are supported/hosted there.

NETWORK AND SERVICES OPERATION

Networks and Services Management

In the framework of improving Cyta's Network and Service activity, in 2018 we continued to work on improving our processes, with the main aims of maintaining the high availability of the Organisation's networks and uninterrupted service to customers. We also continued our efforts aimed at reducing the Unit's operating costs through the introduction of a new management system.

Our efforts focused on the study and redefinition of preventive maintenance tools and mechanisms, the detection and repair of faults in Cyta's network equipment and on the provision of quality secondary services support to external and internal customers. Particular emphasis was placed on developing our Unit's people, who play a crucial role in implementing our vision, training them in new technologies and the use of specialised systems and tools for active and preventive faults detection.

Network and Services Security Management

Our Unit is a strategic pillar of activity and development for the Organisation and it operates on the basis of international best practices and standards in order to fully reach Cyta's expectations regarding the protection of its infrastructure and the development and provision of reliable, high-value network services to the broader business sector in Cyprus. 2018 was another year full of challenges as regards cybersecurity issues on a global scale. All these challenges were dealt with in a methodical way, with the necessary seriousness and sense of responsibility for the security of our customers' data. At the same time, 2018 was a year of growth in our area of activity. We implemented many projects aiming at the further strengthening of Cyta's security and our compliance with EU directives such as the GDPR and we proceeded to provide

security services to our business customers. Further security services for business are planned for next year.

Electrical & Mechanical Services Management

In 2018, we continued to implement the islandwide Fire Protection System, with new installations and upgrades, so that 78% of our buildings are now connected. Additionally, 95% of Cyta's buildings are now connected to the Electromechanical Equipment Monitoring System and in 2018 we improved support with separate contracts for the monitoring software and the installation, with responsibility for monitoring the system being given to the Networks and Services Management Centre.

We proceeded to replace a large amount of obsolete and energy-inefficient electromechanical installations and supply systems with the aim of further improving the reliability of the services that we provide and saving energy. The installation of photovoltaic systems in Cyta's buildings for autoproduction is now at the tendering stage, with the aim of reducing electricity costs through the use of Renewable Energy Sources. We completed the installation of hybrid photovoltaic systems at two more mobile telephony base stations.

We implemented new electromechanical installations and supply systems for major customers of Cyta and important projects of the Organisation.

In the framework of the Data Centre Upgrading project, we completed the design and installation of new electromechanical equipment for the development and operation of the Data Centres.

Aiming at the maintenance of the high-quality operation of electrical and mechanical equipment, our work was reinforced through the purchase of services covering fault repairing on a 24/7 basis, so as to secure the uninterrupted operation of our equipment and, by extension, of the services offered to customers.

FIXED AND MOBILE COMMUNICATIONS NETWORKS

Fixed Communications Network

In 2018 we expanded the capacity and improved the availability and backup capability of the IMS network. We also continued the Fixed Telephony transformation project, transferring traditional PSTN/ISDN connections to the new broadband telephony based on the IMS network. We also began work on the project to upgrade the SBC system to link IP/SIP with international and local providers. At the same time, we upgraded the networking software serving the SSW network.
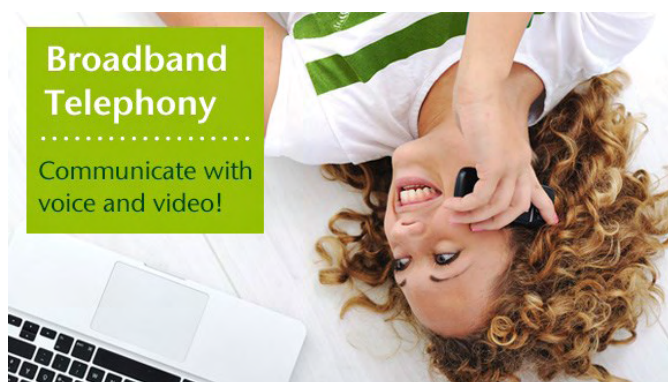
Mobile Communications Core Network

In 2018, we increased the capacity of the packet switched network to cover the constantly increasing volume of data traffic and upgraded the data consumption supervision and monitoring system with an update to the software with geographical backup.

In 2018, we also introduced a new central database onto the network, covering all mobile communications customers and we updated the circuit switched network software to the latest version. We published a tender for the supply of an automated international roaming monitoring system and began work on the implementation of the project install a network and service quality monitoring system.

We upgraded the SMS sending centre in order to comply with the new directives of the Regulatory Authorities and updated the software in all the auxiliary network management, service provision and credit transfer information systems.

Wireless Access Network

In 2018, we completed the project to upgrade existing 4.5G stations in hotspots to "Gigabit Sites", enabling a maximum theoretical speed of 1Gbps. At the same time, we continued the development of the 4th generation (LTE technology) network, making use of the 800MHz frequency range, extending geographical coverage to 85% and covering 97% of the population in the government-held area of Cyprus.

We completed the first series of Mobile Telephony quality measurement tests in the framework of the Network Benchmarking service provision project. The results showed the clear superiority of Cyta's network over the networks of the other mobile telephony providers in Cyprus. This superiority was confirmed by the independent OOKLA organisation, which, for the second consecutive year, recognised Cyta's mobile network as the fastest in Cyprus.

We proceeded to procure Cloud Wi-Fi equipment for the provision of Managed Wi-Fi services and implemented the first major commercial application at the Nicosia Mall.

Wired Access Network

In 2018, we continued to develop and upgrade the Broadband Access Network using Asymmetric Digital Subscriber Line (xDSL - ADSL2+/VDSL2) technology. By 31/12/2018, we had 222.196 customers, of whom 63.581 were connected with VDSL2 technology and 3.776 with Bonding technology, who are able to enjoy speeds of up to 100Mbps.

In the framework of the significant upgrade to the capability of the copper broadband network to support speeds of around 100Mbps, we began work on the project to replace equipment based on old technology in isolated units of active equipment (RDSLAMs) with new upgraded versions that support Vectoring and Bonding technology. In this context, 273 RDSLAMs from a total of 439 (625) were replaced with those supporting Vectoring and 32 of 133 (24%) with those supporting Bonding technology. Moreover, the implementation of Vectoring technology for broadband customers began, covering 10.035 customers.

To achieve a drastic increase in access speeds, work is under way on the strategic Fibre to the Home (FTTH) project. By the end of 2018, the number of premises capable of connecting via FTTH will be 9.000.

INTERNATIONAL CABLE AND SATELLITE NETWORK

There are currently eleven international undersea fibre optic cable systems and subsystems landing at Cyta's cable stations as follows: (i) SEA-ME-WE 3, (ii) MED NAUTILUS-LEV, (iii) CIOS, (iv) CADMOS, (v) UGARIT, (vi) MINERVA, (vii) ALEXANDROS, (viii) ATHENA, (ix) KIMONAS, (x) ARIEL and (xi) POSEIDON.

In 2018, we signed a provisional agreement with PCCW Global Ltd for a study of, and potential participation in, the PEACE (Pakistan - East Africa - Connecting Europe)

undersea cable system which aims to strengthen connections between Asia, Europe and Africa. The system will add new channels to our current international undersea cable network and give us access to new markets, while serving the needs of the local market and other telecommunications providers in the broader Eastern Mediterranean region.

Cyta's international systems include more than 35 main satellite earth stations providing access to major satellite systems such as Eutelsat, Arabsat, Avanti, Telenor, AsiaSat, APT and Thuraya, which offer global connectivity. Satellite communications contribute substantially to the reinforcement of Cyta's regional telecommunications hub with VSAT services, permanent and occasional relay services for radio and television broadcasts, telemetry, satellite tracking & command services and satellite Internet on a broad scale.

Cyta's international cable and satellite services provided uninterrupted 24-hour support and, like its other business activities, they have obtained international quality certification.

Through its participation in the abovementioned cable and satellite systems as well as in other regional and global cable systems used as extensions of the systems landing in Cyprus, Cyta has established its leading role in the broader region, making Cyprus an important telecommunications hub in the Mediterranean, providing business opportunities in new markets and excellent service of Cyprus's retail and wholesale international telecommunications needs.

Financial Report

SUMMARY OF RESULTS

The Organisation's financial results for 2018 continue to reflect its financial robustness, despite the extremely competitive environment in which it operates. The Organisation's high level of profitability was maintained, with earnings before tax amounting to €67,7 million in 2018, compared to €50,7 million in 2017. In 2017, a dividend of €28,6 million was paid to the State, increasing the accumulated dividend to €804 million.

The rate at which operating revenue fell was reduced further to 2,2% ((2017: 3%), another clear improvement over previous years, when the greatest reductions were recorded (2014: 8,7%), as a result of the financial crisis and the events of 2013. It is expected that, in 2019, the Organisation will return to positive revenue growth.

In 2018, the Organisation went ahead with the sale of 100% of the share capital of the subsidiary Cyta Hellas, which strengthened Cyta's financial results.

By continuing to implement the strategic cost management project, a high EBITDA margin of 31,9% was maintained in 2018 (2017: 33,7%), which compares favourably with other telecommunications organisations.

Earning before Interest, Tax, Depreciation & Amortization (EBITDA) (€m)
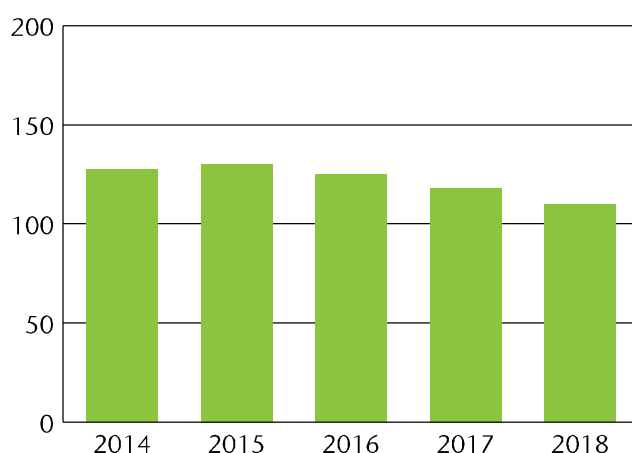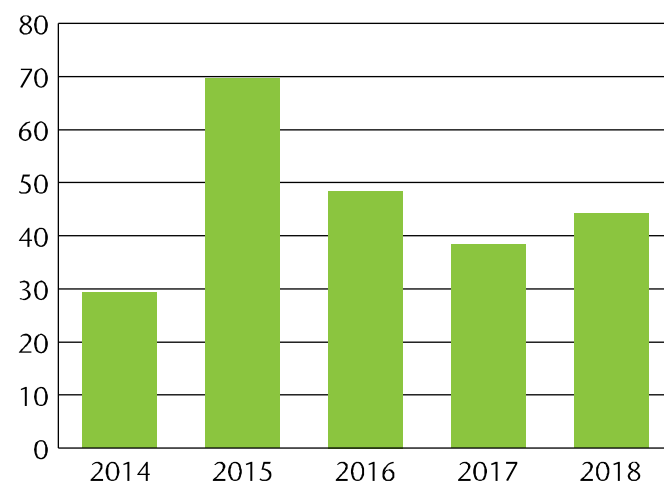

	2014	2015	2016	2017	2018
EBITDA (€m)	127,8	130,5	125,1	118,3	109,7
EBITDA margin	32,2%	35,1%	34,5%	33,7%	31,9%

CAPITAL EXPENDITURE

Capital expenditure amounted to €44,4 million, compared to €38,3 million in 2017 and was wholly financed by Cyta's own funds. In 2018, significant investments continued to be made in strategic projects in the context of our business plan,

including the complete upgrade and drastic modernisation of the networks and the further development of international cable systems, which strengthen the role of Cyprus and our Organisation as a regional telecommunications hub in the Eastern Mediterranean.
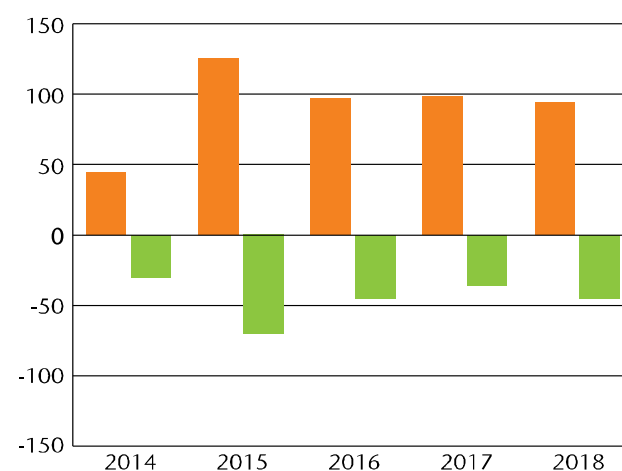
Capital Expenditure (€m)

	2014	2015	2016	2017	2018
Capital Expenditure	29,3	69,6	48,4	38,3	44,6

CASH AND CASH EQUIVALENTS

Total cash deposits in banks, Government Bonds, Eurobonds and Treasury Bills and bank shares amounted to €454,6 million (2017: €362,9 million). The significant cash flow during the year strengthened the Organisation's already high cash reserves, enabling the full funding of Cyta's development porogramme from its own equity.

Cash Flow (€m)

	2014	2015	2016	2017	2018
Cash Flow from Operating Activities	44,4	126,5	96,8	99,6	94,5
Cash flow for capital expenditure	-29,3	-69,6	-44,4	-35,4	-44,1

INVESTMENTS

On 10 July 2018 the sale of the subsidiary Cyta Hellas was completed with the transfer of 100% of the company's shares to Vodafone Hellenic for a total price of €118,1 million, which included a settlement of all the loan obligations of Cyta Hellas to Cyta and Digimed Communications Ltd. The sale is expected to have a positive impact on the Organisation's results.

Total Assets (€m)
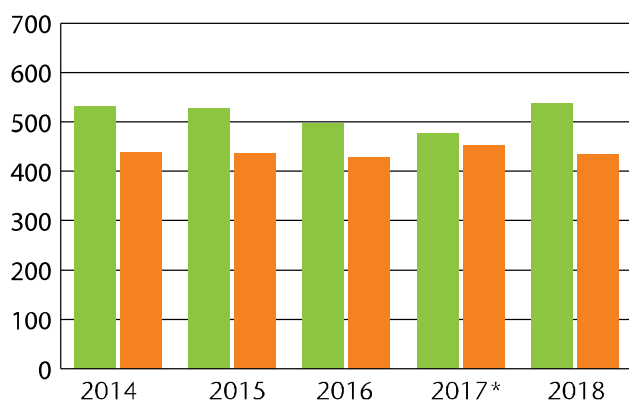
	2014	2015	2016	2017*	2018
Non-current assets	532,0	527,6	498,0	478,1	538,3
Current assets	439,8	437,3	429,4	458,7	436,0

* Current assets include "Assets classified as held for sale".

RESERVES AND DIVIDENDS

The reserves which constitute the Organisation's equity amounted to €642,6 million on 31 December 2018 (2017: €545 million), having been increased by the profit of the year amounting to €60,6 million but reduced due to the actuarial deficit of €43,3 million as a result of the revision of the current value of obligations to the Fund, compared with the fair value of its assets as at 31 December 2018.

In 2017, a dividend of €28,6 million was paid to the State, increasing the accumulated dividend to €804 million.

Five-Year Financial Summary (€m)

	2014	2015	2016	2017	2018
Operating Revenue	396	372	362	351	344
Gross Profit	82	88	85	75	64
Total Assets	972	965	927	937	974
Total Liabilities	303	279	385	392	360
Increase/(Decrease) in Reserves due to actuarial position of the Pension Fund	-286	20	-134	-12	43
Reserves	669	686	543	545	643
Cash Flow from Operating Activities	44	127	97	100	102
Net Cash Flow for Investment Activities	-8	-105	-17	-71	-59
Dividend paid to the Republic of Cyprus	-31	-63	-39	-26	-29
Current Liquidity Ratio (times)	6,0	5,5	6,7	6,2	4,4

Offices and Cytashops

Head Offices

Telecommunications Street, Strovolos, P.O.Box 24929,
CY-1396 Lefkosia, Cyprus

Telephone: + 357 22701000
Fax: + 357 22494940

Website: www.cyta.com.cy

Call Centre: 132

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Lefkosia

11, M Paridi & Chilonos Corner, P.O.Box 24755, CY-1303 Lefkosia
Tel.: 22702020

Cytashops

- Onasagorou - *26 & 28 Onasagorou Street*
- Strovolos - *14, Strovolou Avenue, Myrtiana Court*
- Lykavitos - *5, Naxou Street*
- Egkomi - *1, 28th October Avenue, "Engomi Business Centre"*
- Lakatameia - *62, Arch. Makarios III Avenue*
- Latsia - *18, Arch. Makarios III Avenue*
- The Mall of Cyprus - *3, Verginas Street, "Shacolas Emporium Park"*
- Nicosia Mall - *2, Madrid Street*
- Kakopetria - *28, Costa Christodoulou Street*

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Lemesos

89, Athinon Street, P.O.Box 50147, CY-3601 Lemesos
Tel.: 25705050

Cytashops

- Main - *89, Athinon Street*
- Omonoia - *7, Vasileos Pavlou Street*
- Linopetra - *28, Kolonakiou Avenue*
- Agias Fylaxeos - *232, Agias Fylaxeos Street*
- My Mall Limassol - *285, Franklin Roosevelt*
- Platres - *8D, Olympou Street*

••

Larnaka

7, Z, Pierides Street, P.O.Box 40102, CY-6301 Larnaka
Tel.: 24704040

Cytashops

- Main - *7, Z. Pierides Street*
- Agioi Anargyroi - *4, Alex. Panagouli Avenue*
- Faneromenis - *178, Faneromenis Avenue*

••

Pafos

11, Griva Digheni Avenue, P.O.Box 60043, CY-8100 Pafos
Tel.: 26706060

Cytashops

- Main - *11, Grivas Dighenis Avenue*
- Kings Avenue Mall - *2, Apostle Paul & Tomb of the Kings Corner*
- Polis Chrysochous - *16, Archbishop Makarios III Avenue*

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Ammochostos

*Edison Street**
Tel.: 23862500
Temporarily
124, Eleftherias Avenue, Deryneia, P.O.Box 33355, CY-5313 Paralimni
Tel.: 23703030

Cytashop

Main - *124 Eleftherias Avenue, Deryneia*

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Kyrenia*

5A, 28th October Avenue   Tel.: 27452438

••

Morfou*

18, 25th March Street   Tel.: 22742055

••

Lefka*

Lefka   Tel.: 22817459

* Not in operation due to the Turkish military occupation of the area.