

ANNUAL
REPORT

2019



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Cyta is the trade name of Cyprus Telecommunications Authority

Address from the Chairman

mrs Rena Rouvitha Panou



In changing times, Cyta has an obligation and a duty to respond to the latest strong competitive challenges by making the most of its traditional strengths and investing in new ones. The Organisation's strategy needs to be consistent, dynamic and adaptable to the priorities and prevailing conditions of any given time period.

The Organisation's primary aims are to achieve constant improvements to its financial and commercial results and, by extension, to maximize the value of Cyta, based on the main pillar of trust and the development of key technological infrastructure, thereby enabling the provision of innovative services to its customers. At the same time, Cyta must operate consistently within the required framework of proper corporate governance and transparency, based on the clearly understood interests of the Organisation and its broader mission as a contributing factor in the development of society and the country's progress.

STRATEGIC DIRECTION BASED ON THE DIGITAL TRANSFORMATION OF SOCIETY AND THE ECONOMY

Across the broad and multi-dimensional complex of infrastructures, products and applications in which the Organisation operates, its main strategic priority is to make Cyta the key partner of the State in the country's digital transformation.

A prerequisite for the implementation of our growth strategy is substantial and targeted investment in cutting-edge technologies, such as the islandwide optical fiber network, advanced new generation mobile broadband networks and the continuous expansion of the submarine cable infrastructure. In this way, Cyta is laying the foundations for creating the communications of the future, providing ultrafast speeds and innovative electronic applications that enhance the customer experience and improve people's quality of life and companies' productivity, while constituting at the same time new sources of revenue for the Organisation.

Optical Fiber Network

The islandwide optical fiber network, with an initial budget of some €120 million, is creating a new communications reality, since its impact on the digital progress of society acts as a

catalyst for the substantial strengthening of the country's economy and social structure. The infrastructure created by Cyta's fiber network is the springboard for the digital transformation of Cyprus, as it creates new prospects for key areas of society, including the Public Service, Medicine, Education, Culture, Financial Services, Commerce, Shipping, Agriculture and Entertainment.

In conjunction with all the competent state and local authorities, Cyta already plays a crucial role in this direction through the provision of 'smart solutions' that strengthen the country's social and business fabric; solutions that contribute at the same time to the country's competitiveness and offer the prospect of economic growth by, for example, accelerating the modernisation process of local government. In this context, at the end of November 2019 we announced our collaboration with the Municipality of Paphos for its immediate transformation into a smart municipality, which is also a priority for the rest of the country's municipalities.

Broadband Mobile Networks

In parallel with the development of the fiber network at national level, the Organisation is constantly upgrading the mobile network with cutting-edge technology. The commercial exploitation of the 5G network represents the culmination of this effort. This is a project of exceptional strategic importance, given its crucial role in the implementation of the country's digital transformation.

With 5G technology, we are entering an era in which ultrafast Internet access via mobile and other connected devices will be taken for granted. To this end and with the aim of gaining experience and know-how, in 2019 Cyta operated a 5G pilot network so as to be ready for the commercialisation of this innovative technology through the State tender for the allocation of the relevant frequency range in accordance with international health and safety standards.

Development of an International Telecommunications Hub

A crucial project for Cyprus concerns the continuing upgrades to its international satellite and submarine cable connections, first developed by Cyta.

The Makarios Teleport is already one of the best in the world, following its full certification by the World Teleport Association in 2017. At the same time, as a result of the Organisation's long-term targeted investments in submarine cables, Cyprus is steadily being reinforced and established as a reliable global telecommunications hub and service provider in the Eastern Mediterranean, fully exploiting its new investments in optical fiber and broadband mobile networks. It is important for Cyta to have the capability of providing the infrastructure that supports high-specification, maximum security international data centres, thereby creating significant prospects of attracting additional revenue from abroad.

Corporate Social and Environmental Responsibility

The adoption of sustainable development policies is another important aspect of the Organisation's strategic direction, with particular emphasis on issues related to environmental protection, social participation and corporate governance. One of our main priorities is Cyta's contribution to the country's transformation into a greener economy, for which caring for the environment is key.

To this end, we aspire to ensure that our daily operations support sustainable development and our goals incorporate increasing activity for its achievement. Strict compliance with legislative and regulatory requirements is the basis on which we strive to continuously improve our environmental and social achievements. The Energy Globe Award presented to Cyta in 2019 constitutes international recognition of our efforts in the area of Corporate Environmental Responsibility.

We at Cyta believe that the goal of strong business activity should be accompanied by the desire to build a better world. These two goals are not mutually exclusive. On the contrary, together they can form the foundations of successful sustainable development, with people and the environment at their core.

FINANCIAL RESULTS

The financial results for 2019 are especially encouraging. The surplus after tax for the year amounted to €61.1 million, the highest level of profitability for eight years and an indicator of Cyta's strength. This strength is growing steadily and forms the basis for the Organisation's continuing financial robustness and commercial growth, thereby maximising its growth over time.

The positive financial results for 2019 are due to the significant increase in revenue and the systematic rationalised financial management undertaken with a view to reducing operating expenses.

Commercial Orientation and Increased Revenue

As regards operating revenues, 2019 was a milestone since, through targeted action, the negative trend in revenues was reversed for the first time after seven years, recording an increase of around 2.6% in an acutely competitive environment. Of particular significance is the fact that customer retention in 2019 was 93.5%, the highest level in recent years, and this also made an important contribution to the overall increase in the Organisation's revenues.

Furthermore, a stabilising trend in market share was observed in all of Cyta's key service areas. The Organisation firmly maintains its share of more than 50% in both fixed and mobile telephony as well as in Internet provision. These results reflect the trust and certainty that Cypriot society accords to Cyta, aspects that allow it to differentiate itself and firmly establish its position in surveys conducted to compare the perceived reliability of telecommunications providers. 2019 was yet another year in which Cyta was ranked first by far, further reinforcing its superiority regarding the crucial criterion of reliability.

In accordance with the capabilities and prospects created by the technological growth in which Cyta invests, our top priority is to use innovation as a basic tool for constantly improving the customer experience. New applications and faster speeds that significantly improve the quality of life of Cypriot citizens are constantly being introduced in the market. At the same time, by taking advantage of the safety, security and reliability of its services, Cyta offers its business customers complete solutions to raise their productivity. It also provides services that offer a high level of protection against online fraud, together with the necessary training and support for the effective management of this significant threat.

Rationalised Financial Management

In the framework of limiting operating expenses, we strictly adopted the methodology of calculating the right cost/benefit balance as a prerequisite before undertaking any new project. Internal targets are closely monitored so as to minimize any deviations from the approved budget and, wherever possible, those targets are exceeded. The result of this methodical approach is reflected in the gradual reduction of total operating expenses by 1.5% over the past five years or by 6.3% if one excludes employee salaries, which are determined by government directives, legislation and collective agreements with the trade unions.

It should be noted that, following the documented reassessment of the sustainability of our subsidies abroad, which was conducted ahead of the sale of Cyta Hellas in 2018, the

Organisation's 2019 financial statements are not burdened by any negative factors due to reductions in the value of subsidiaries abroad.

However, the positive results for 2019 will not, under any circumstances, lead to complacency. On the contrary, rapid developments in the international telecommunications sector require that we remain constantly alert if the improvements to the Organisation's financial results and efficiency are to continue. This can only be achieved through consistent and focused hard work at all levels, making the most of Cyta's technological infrastructure and excellently trained workforce to implement its strategic goals.

Managing the Organisation's Profitability

The main pillar of management of the Organisation's significant profitability is the responsibility and consistency with which Cyta serves society, paying an annual dividend to the State. Here, I would like to stress that the fixed policy of paying a dividend has been implemented over the years, despite the fact that the Organisation's significant investments in the country's key telecommunications infrastructure are fully funded by its own equity with no borrowing. In 2019, a total dividend of €43 million was paid to the State for 2017 and 2018 (€28.6 million and €14.4 million respectively), while the accumulated dividend paid to the State now exceeds €818 million.

Another important pillar of the management of Cyta's profitability concerns the continuous effort aimed at providing ever greater value to its subscribers. To this end, Cyta has given priority, within the confines of the strict regulatory framework that governs its operations, to the continuous improvement of its costing and invoicing of existing and new services. In the past year, there has been a visibly significant repricing of mobile voice/data plans and services and also of fixed telephony/Internet products and Cytavision packages.

The pillar of the management of Cyta's profitability, which is of great strategic importance, concerns the investment of significant amounts from the Organisation's reserves in the creation of self-financing development projects in state-of-the-art technology. These targeted investments are an integral part of our strategy to provide innovative services with the goal of maintaining and constantly reinforcing Cyta's indisputable reliability. These crucial investments, such as, for example, the islandwide optical fiber network and mobile broadband access technologies, reinforce the development of Cyta's satellite and submarine cable infrastructures and substantially upgrade our network infrastructure. At the same time, independent of exclusively business-linked criteria, we aim to achieve the greatest possible

geographic and population coverage, which is part of Cyta's social contribution in Cyprus.

PENSION FUND

In a review of the financial year 2019, it is extremely important to note that the Pension Fund recorded a surplus from investments of some €57.8 million, as opposed to the deficit of €5.3 million recorded in 2018 and the previous surplus of €34 million in 2017. As a result, 2019 saw the Fund's net assets increase by €77 million, compared to the reduction of €10 million recorded in 2018 and the smaller increase of some €30.7 million in 2017.

The completion of the Actuarial Valuation Report on the Financing of the Fund, dated 31 December 2019, revealed an actuarial deficit of €178.2 million, which is higher than that of the previous year. This is due to changes to the key assumptions, with the greatest impact arising from the reduction in the discount rate. As a consequence, the Board of Directors and the Pension Fund Management Committee again took the path of prudence and responsibility, building on the previously established foundations, and decided to make a larger annual payment to the Fund of around €23 million. Under the present circumstances, the Pension Fund deficit can be covered in 8.65 years from today, a period that compares favourably with the already satisfactory 10-year repayment programme which had been determined and adopted as consistent practice in 2014. This approach is a clear indication of the Organisation's indisputable commitment to the long-term welfare of its human capital.

Of particular significance is the fact that, in recent years, the sustainability and rationalised management of the Pension Fund have been increasingly well-established. The Management Committee has succeeded, through its adoption of a prudent investment policy, in managing the Fund on a strictly professional basis, introducing significant improvements, including, among others, the establishment of investment policy control and monitoring mechanisms and the implementation of action plans related to problematic projects of the past. At the same time, greater transparency and adherence to the rules of corporate governance have rationalised and significantly improved the Fund's functioning and efficiency.

FUTURE CHALLENGES

Despite the fact that the Organisation now finds itself on a course characterised by growth, rationalised financial management and positive results, it still faces major challenges. In a constantly changing environment, like that of international

telecommunications, Cyta needs to see the signs of the times and adapt in a timely and appropriate manner, developing its strategy in order to respond effectively to each new situation.

Accelerating the digital transformation of the Cyprus economy

It is obvious that the digital transformation of Cypriot society and the economy is the only way forward. In this, Cyta is playing a crucial role, having developed ultramodern infrastructures that form the basis of the digital development of Cyprus. Consequently, the country may not be lacking in infrastructure but it lags behind as regards the applications of technology and the extent to which they have been adopted by the public services, which currently suffer from inflexible bureaucratic processes.

Important steps are also needed to incorporate new digital technologies into the business sector, thereby contributing to the upgrading of company operations and improving their efficiency.

It is clear, then, that the acceleration of the digital transformation project is imperative since, in this way, the efficiency of the state mechanism will be improved, business productivity will increase and the overall quality of life of the country's citizens will be improved, which will at the same time protect the functioning of the economy against unforeseen external factors. Cyta's infrastructures, know-how, experience and specialisation can constitute the foundations and support for the multi-dimensional project to digitize Cyprus. It is a project of vital importance for the future of the country and its people.

Review of the operational and institutional framework

Recognizing the need for structural changes to the institutional framework that determines how Cyta operates, the main priority of the Board of Directors and the Management, in close collaboration with the Trade Unions, will be to undertake a number of important initiatives in the coming months. Their purpose will be to reassess and modernise the internal rules and processes that govern the Organisation's operations, so that they may become more flexible and efficient, enabling Cyta to function as a business and operate much faster in the market. To this end, the Board intends to submit a package of well-documented proposals for approval by the State, wherever necessary.

One of our top priorities regarding the future growth of the Organisation concerns the adoption of new staff performance and promotion management systems. These systems,

currently under development, will form the basis for the setting of clear targets and more objective staff evaluation processes. As a result, promotions to positions of greater authority will be made with transparency and in a more meritocratic way, through the adoption of predetermined objective criteria. At present, the new staff performance management system is at the final testing stage, while the new promotions system - a project of huge importance for Cyta - is also in the pipeline and is expected to give a new boost and dynamic to the career paths of our human resources.

The best use of our personnel can also be improved through the adoption of the principle of interchangeability and by encouraging job rotation, with the aim of broadening employees' skill sets, which constitutes another positive element in their personal and professional development.

Reinforcing financial robustness and social responsibility

Today's organisations, over and above their purely financial data and business achievements, are now evaluated on how they manage their relationships with the environment, society and corporate governance. The adoption of relevant policies and practices is a main priority.

We at Cyta believe that our growth trajectory and the Organisation's robust finances have to take account of our impact on people, society and the environment. As a public benefit organisation that belongs and answers to the Cypriot State, Cyta has always acted with respect in this regard. Today, corporate social responsibility has gained special significance since it needs to be adopted and incorporated into the Organisation's goals, so as to be implemented in a systematic and documented fashion. Because society needs to know how it is affected by our activities in the context of transparent communication based on reliable data and evidence.

The achievement of strategic and operational goals, as well as positive financial results that respect the principle of minimising any adverse impact on people and the environment, is a constant challenge for Cyta. Strong business activity and the building of a better world are parallel objectives that can coexist within the overall efforts aimed at sustainable development. And if such development is to remain sustainable in the long term, it must have people and the environment at its core.

THANKS

At this point, I would like to express my warm thanks to the Vice-Chairman and Members of the Board of Directors, who

have tirelessly dedicated themselves to ensuring that the Organisation deals effectively with all the challenges facing it. I also thank our legal advisors, the external auditors and all the Organisation's partners and associates for their responsible and continuous support. I also warmly thank the Chief Executive Officer and the entire Management team, the Trade Unions and every member of the Cyta workforce, who, with zeal and dedication, have worked hard and in a coordinated manner to achieve the Organisation's goals.

CYTA CONTRIBUTES TO THE NEW DIGITAL FUTURE OF CYPRUS

Απερίζοντρας Looking to the future in the new digital era, it is obvious that those countries that fail to develop digitally and exploit new technology will, without any doubt, be left behind. Cyprus has no choice but to win the wager of the digital era. In this respect, it is imperative that a comprehensive approach be designed, which includes all stakeholders, i.e. the State, the business community and the country's citizens.

The experience of technologically developed nations has shown that their digital transformation has truly created new prospects for society and the economy alike. These positive prospects are precisely what Cyta safeguards for Cyprus, through the continuous development of telecommunications technology. The new image of Cyprus is a digital one and the Organisation is contributing with all its might to both the promotion and substance of this image. Because the digital future of Cyprus is here.



Rena Rouvitha Panou
Charirman

December 2020

Message from the Chief Executive Officer

Mr Andreas Neocleous



A STRONG CYTA IS CHANGING

2019 was a landmark year for Cyta and for me personally. Taking up my duties as Chief Executive Officer was both a very special honour and a huge responsibility. I wish to thank the Board of Directors for choosing me and entrusting me with the task of leading this great Organisation, which has such a rich past, a dynamic present and an exciting future.

REVERSAL OF FORTUNE WITH STRONG GROWTH RATES

For Cyta, 2019 was an excellent year in which significant growth was recorded. For the first time in 8 years, revenue rose by 2.6% and profits were up by 4.7% during the financial year. Considering that these achievements took place in the small and especially competitive Cyprus market, we may speak about a significant reversal. At the same time, the Organisation continues to maintain the highest market share **by a long way** in all its areas of activity: mobile and fixed telephony and subscriber television. This fact fills us with confidence and allows us to look to the future with optimism.

With the aim of continuing our positive results, our strategy has focused on further differentiating Cyta from its competitors, by strengthening our customer-centric policy, which places our customers and their needs at the heart of every decision. At the same time, in the context of our constant efforts to improve our profitability, we took certain actions in 2019 to further reduce the Organisation's operating expenses. Central to these actions was the Voluntary Redundancy Scheme - which supports cost-oriented pricing and will ultimately benefit our customers - and the renewal of Cyta's workforce through the recruitment of younger personnel with specific expertise and skills. In every modern technology organisation, such enhancement is essential if it is to maintain its relevance to market needs and adopt an outward-looking, flexible culture. To this end, we have proceeded to make bold and substantive changes to the structure of the Organisation.

DIGITAL TRANSFORMATION WITH CUTTING-EDGE TECHNOLOGY AND NEW SERVICES

Cyta's leading role in the digital upgrading of Cyprus obliges the Organisation to be at the forefront of the development of superfast broadband connections. While extending the Fiber

Summer 2019 was a time of great excitement: we announced the operation of **the first pilot 5G network in Cyprus**, with our pioneering technicians and engineers testing the capabilities of the new technology ahead of its commercial introduction. Making the most of the new network, Cyta made **the first-ever Augmented Reality phone call in Cyprus** using holograms, claiming a global first in terms of the high-resolution picture quality and brightness achieved by combining 5G and high-density LED technologies.

At an international level, our investments in the expansion and upgrading of our undersea cable and satellite connections were of major strategic importance. Over and above the fact that these connections have established and reinforced Cyprus as a reliable telecommunications hub in the Eastern Mediterranean, they also serve Cyta's objective of becoming a regional telecommunications service provision hub.

In 2019, we also confirmed our participation in the PEACE (Pakistan - East Africa - Connecting Europe) undersea cable system, which aims to reinforce the connection between the Asian, European and African continents. It adds new routes to our existing undersea cable network and provides access to new markets, while serving the needs of the local market and of other telecommunications providers in the broader region.

Cyta now expects these significant investments to bring returns through increased commercialisation. In 2019, with the aim of growing our activities in the wholesale telecommunications market, we signed important contracts with telecommunications providers, which once again confirmed the high quality of the services that we offer, combined with affordable prices.

During the same year, we signed an agreement with the Municipality of Paphos in the framework of the **project to transform it into a "Smart Municipality"**. Cyta has established itself as the trusted and reliable partner of local and municipal authorities in its effort to introduce technology into people's daily lives. The support of the Municipalities for the creation of "smart cities", and the provision of innovative services to their citizens, allows us to use our infrastructure and develop new services that will, in turn, become new revenue streams for Cyta. It is our intention to collaborate on

this with other municipalities across Cyprus in the immediate future.

AN IMPROVED CUSTOMER EXPERIENCE

The high-quality service and certainty offered to customers has always been one of the main factors differentiating Cyta from its competitors. This is why we are constantly seeking new ways of approaching the public, while our priority is to bring continuous improvements to the customer experience.

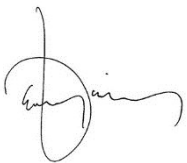
In 2019 we introduced the new technologically advanced **Cytavision platform**, which offers subscribers a unique experience, with impressive options regarding access and viewing. At the same time, we began redesigning our Cytashops in line with the new standards of customer service adopted by the Organisation.

CYTA: ONE STEP AHEAD

For the overall especially satisfactory results - business, operational, financial - of the year under review, **I wish to warmly thank every member of the Cyta family for their crucial contribution.** The dedication of our people to the development of Cyta and their focus on providing quality service and all-round support to our customers constitute a powerful competitive advantage for the Organisation.

On the threshold of the new decade, Cyta is a leader in its sector, forging the path to the digital transformation of Cyprus. The challenge before us is clear: to ensure the constant growth of our technological infrastructure and communication services.

Cyta is changing. With faith in its strengths and its capabilities. Based on robust financial foundations and technology that is always one step ahead. We are pioneers in the communications of the future, always one with our trusting customers and society as a whole. This is our goal and we have all joined forces to achieve it.



Andreas Neocleous
Chief Executive Officer

December 2020

Chairman and Members of the Board

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

Chief Executive Officer

Andreas Neocleous

MEng, PhD

Deputy Chief Executive Officer

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BSc, MSc, MBA

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Efy Christou-Pouri

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Secretariat and Management Services *

Petros Hadjiantoniou

BSc (Hons), MSc

* Under the Chief Executive Officer



CORPORATE
GOVERNANCE
AT CYTA

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 immovable 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 (CEO) 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, the Personnel Committee and the Risk Management 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 CEO, make up the Board of Directors of the Cyta subsidiary Digimed Communications Ltd.

RISK MANAGEMENT

Our strategic goals determine the framework in which we implement our opportunity and risk management. We are always alert to changes that affect our technological, regulatory and business circumstances, given that we operate in an environment marked by constant uncertainty, ambiguity and complexity.



The Board of Directors has committed the Organisation to a risk management process that is aligned to principles of corporate governance best practices and which addresses risk on an Enterprise level. We maintain a corporate risk management policy which sets out the framework and the area of implementation, the roles and responsibilities of all involved, and the methodologies and models to be followed.

The Corporate Risk Management & Business Continuity service collaborates with all our business units to identify, assess and monitor all risks that may impact the goals of our activities and projects and the security of our resources. Particular significance is given to understanding risks and opportunities since corporate risk management is as much about recognizing and assessing opportunities as about mitigating risks.

We have developed and implemented a system for securing our business continuity in case of loss of resources or the unexpected interruption to the normal functioning of our services. We have drawn up business continuity plans for all our business activities, which include recovery in a different workplace and/or arranging teleworking. These are tested and reviewed on a regular basis. We also implement a complete crisis management system.

INTERNAL AUDIT DEPARTMENT

The mission of Cyta's Internal Audit Department is to contribute to securing its smooth operation by providing independent and objective confirmation, as well as advisory services to the Executive and Management, of the adequacy and effectiveness of its risk management activities, security safeguards and corporate governance, which are fundamental principles of business excellence.

The Department's vision is to create value for the Organisation and help strengthen its performance through the quality of its work.

Key principles for the professional conducting of internal audits are compliance with the mandatory requirements of the International Institute of Internal Auditors and the adoption of International Standards and the Code of Ethics.

To ensure the Department's objectivity and independence, 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 and 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) and Certified Control Risk Self Assessor (CRSA).

It has full, free and unrestricted access to all the documentation of the Organisation, its subsidiaries and the Cyta Staff Pensions and Grants Scheme and strict responsibility for the confidentiality and protection of the Organisation's archives and data.

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

Cyta and Corporate Social Responsibility

OUR APPROACH TO CORPORATE SOCIAL RESPONSIBILITY

The term Corporate Social Responsibility (CSR) refers to the voluntary contribution of an organisation towards achieving the goals of sustainable growth or sustainability. CSR is demonstrated when an organisation is interested in taking action in the context of corporate social responsibility while, at the same time, promoting a fairer society and a cleaner environment. An organisation's contribution is often realised through its adoption of a policy of social responsibility and of a set of tools that enable its management to take into consideration the economic, financial, social and environmental aspects of its activities. This new management philosophy requires the expansion of an organisation's responsibilities, the focus of which has traditionally been on the economic/financial aspects of its business. Now, those responsibilities must be extended to include social and environmental factors.

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 certainly 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, its personnel, its 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 Cyprus Directorate-General for European Programmes, Coordination and Development (formerly the Planning Bureau), non-financial indicators - i.e. CSR indicators - are included for the sixth time in this 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

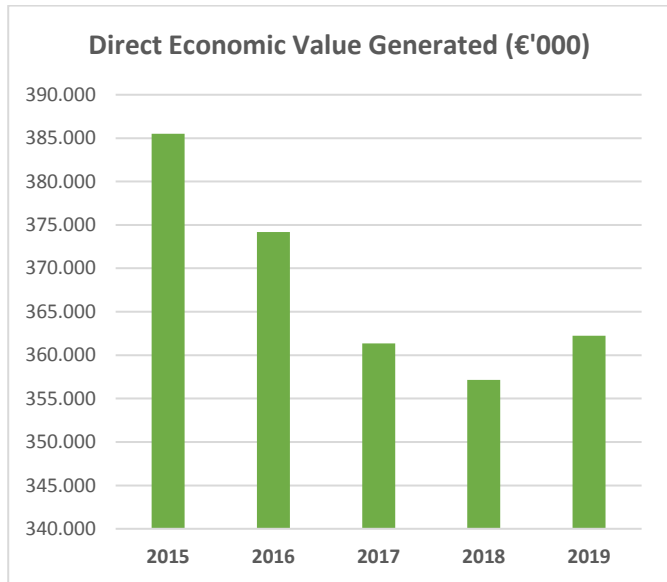
impact that the Organisation has on the financial situation of its stakeholders and on the country's economy.

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.

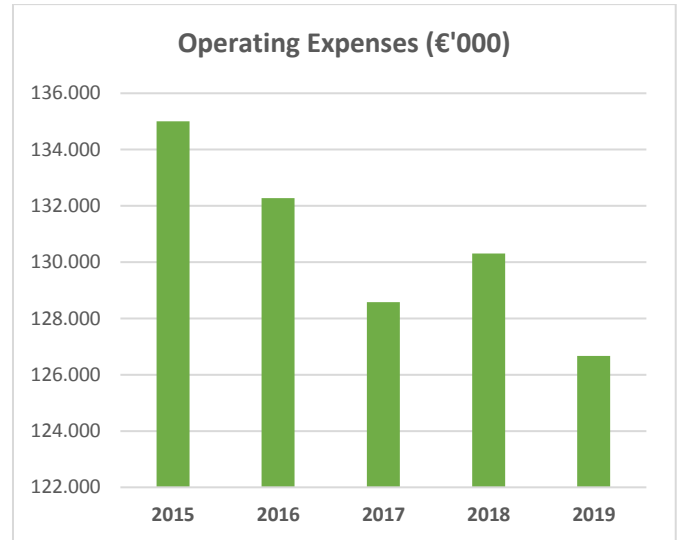


Distributed Economic Value

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.

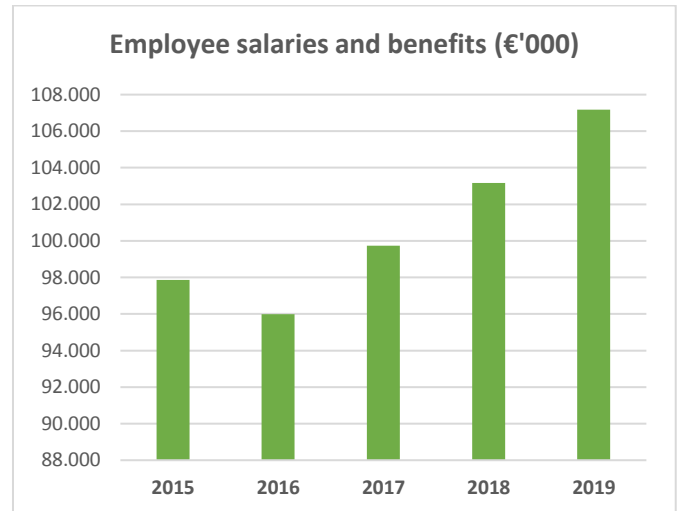
Operating Expenses

The Operating Expenses reported here, related to 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.



Employee Salaries and Benefits

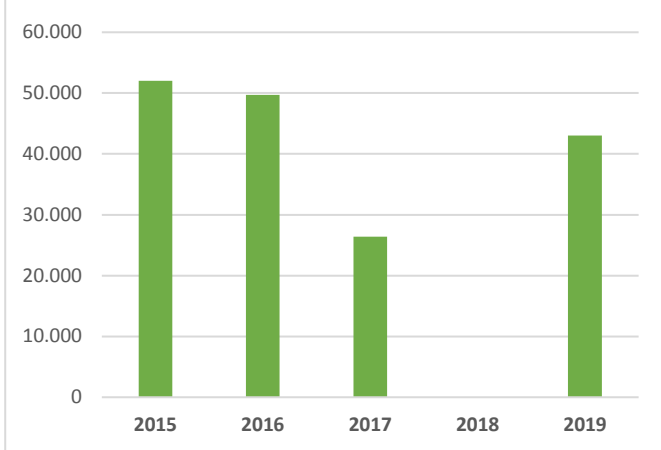
Employee Salaries and Benefits include the Organisation's total outflows for its personnel, such as salaries and pensions, social security, healthcare and insurance. They do not include staff training costs (which are included in the operating costs).



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.

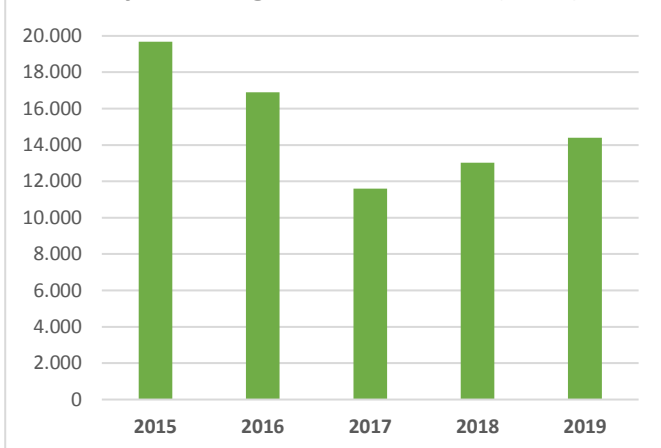
Dividend to the State (€'000)



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) and Mobile Telephony. These surveys take place once a year using telephone interviews with customers of each service.

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 our continuous improvement. Our 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 towards them.

Customers can 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. Customers are also 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, Cyta's response is available, any time, 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 Internet experience much easier.

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 allowing them to 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, text message (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.

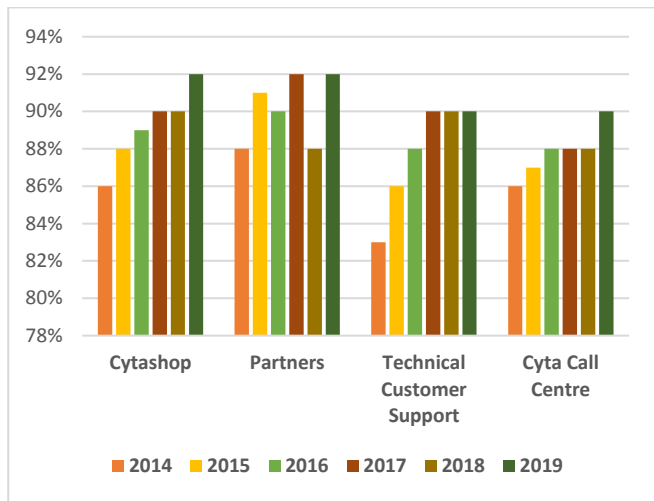
Tel OntheGo

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.

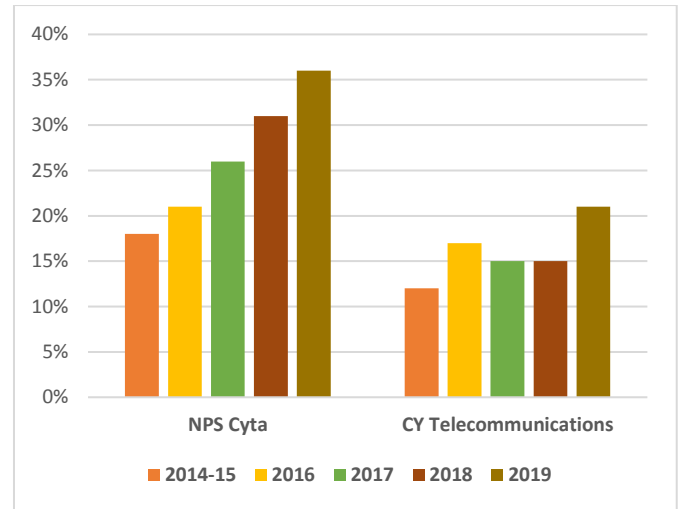
Customer Satisfaction with Contact Point Service

Customer satisfaction, from Cytashop service, Technical Customer Support and Cyta's Call Centres, remains at very high levels.

Below are some of the results of our customer satisfaction surveys.



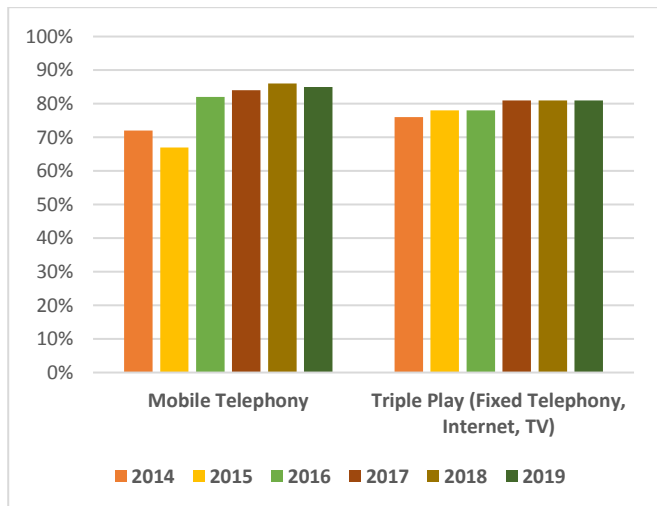
services in Cyprus, revealing Cyta's dominance in terms of customer recommendation compared to the other telecommunication companies on the island.



Overall Customer Satisfaction with Services

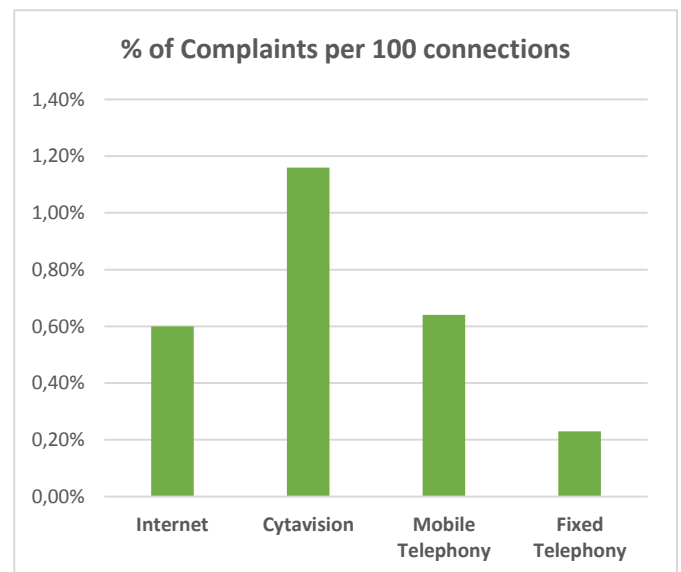
Customer satisfaction from Cyta's services remains high. Prices and special offers are now the most important aspects affecting satisfaction and the choice of a certain provider regarding mobile telephony, as well as Internet and television services. The quality of service is also one of the key factors in the choice of a 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.



Complaints Average Per Service

Considering the number of active customers, only a very small percentage 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.



Net Promoter Score (NPS)

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 36% in 2019, which is higher than the average NPS for Telecommunications

"Everyone has a right to Communication!"

The accessibility of telecommunication products and services by individuals with disabilities, or visual, hearing or mobility impairment, is an important CSR issue 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 communication difficulties. The specialised

equipment, which is available from the 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.

Additionally, a new initiative taken by Cytamobile-Vodafone, in response to the needs of those with hearing impairment, offers free Video Call time 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, free Video Call time is 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 2018-2019 academic year, a total of 75 presentations were given in schools throughout Cyprus, attended by more than 8,000 pupils and teachers. Since 2001, some 1,456 visits have been made to schools and more than 158,000 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 Pancyprrian School for Parents, Parents associations and head teachers and with the support of the Ministry of Education, Culture, Sport & Youth, 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 in 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 2019, in the framework of the EU-funded CyberSafety project in which Cyta is a partner, a seminar was held entitled “Together For a Better Internet”, attended by primary, secondary and technical school pupils, teachers, parents and other interested parties.

Safe Internet for home

In 2019, Cyta upgraded Safe Internet for Home, a service that protects children from viewing undesirable online content on any device connected to the Internet via Internet Home. Such devices include laptops tablets, smartphones, games consoles, smart TVs and more, which are connected to the Internet via Wi-Fi or a wired network in the home.

Through this service, Cyta provides parents with an effective tool that allows them to offer their children the pleasure of

learning, communication and entertainment in a safe and secure online environment.

“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 with restricted access are those containing child pornography. With the introduction of this special system, all Cytanet customers have “clean” Internet access.



Vidatrack

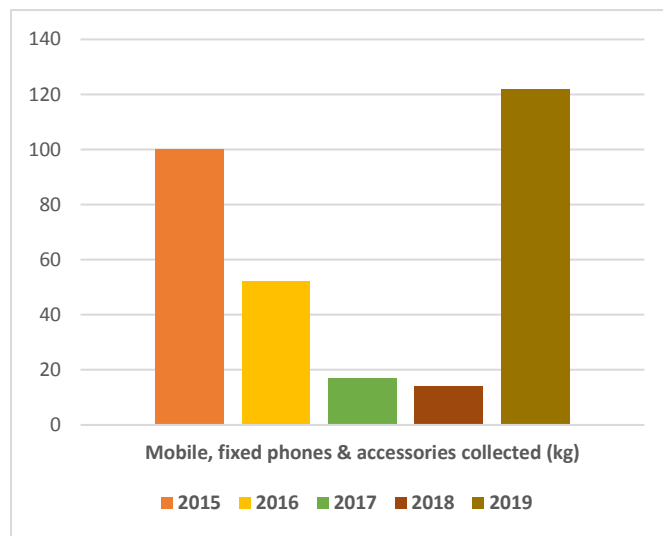
Vidatrack service, offered in conjunction with a company named Vidavo, is a personal tracking system for emergency situations, which contributes to give independence and freedom of movement to people that belong to sensitive and vulnerable social groups and are unable to carry out their essential daily tasks entirely by themselves. The service gives a greater sense of safety and security to users and their family and carers, since it enables the immediate detection of the user’s location, the call for help via text message at the press of a “panic button”, the immediate communication with three pre-set telephone numbers and 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 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, to Cyta Support Centre or Cyta’s Head Offices in Nicosia. Additionally, recycled bins for telephones and accessories are hosted from time to time at events organised by other bodies, schools and companies.



PERSONNEL

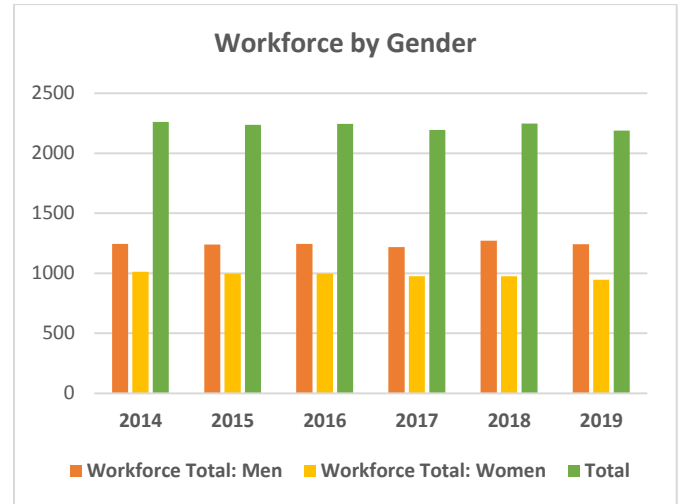
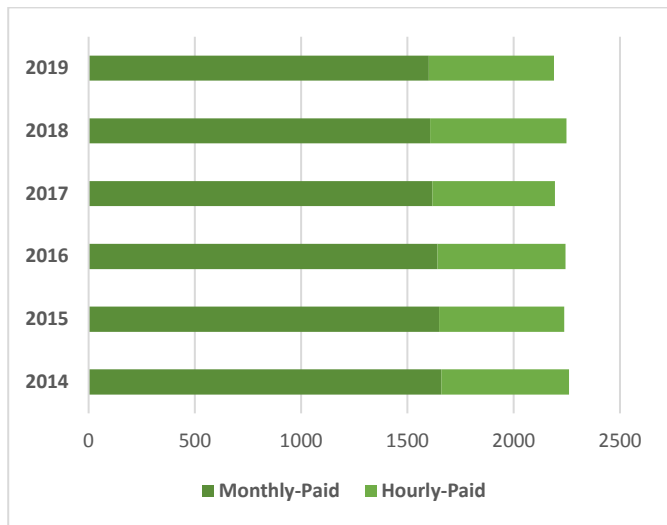
As a responsible, good employer, Cyta manages and utilises its personnel through the implementation of management systems and development/support programmes which assist them in their professional and private lives, as part of its work-life balance policy.

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 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

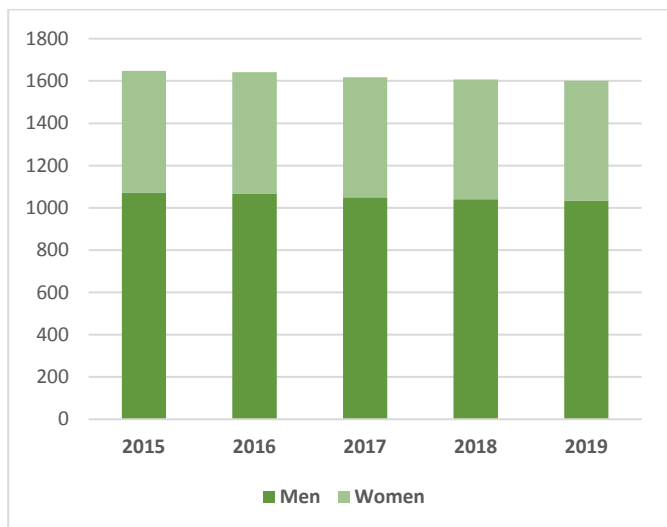
The size of our workforce is an indication of the size of the impact Cyta has on labour issues and on society in general. Our workforce includes permanent monthly-paid employees, hourly-paid employees and a small number of external associates on fixed-term contracts.

The following charts show the size of the workforce as at 31/12/2019, broken down by employment and gender.



Workforce by Gender

Permanent Monthly-Paid



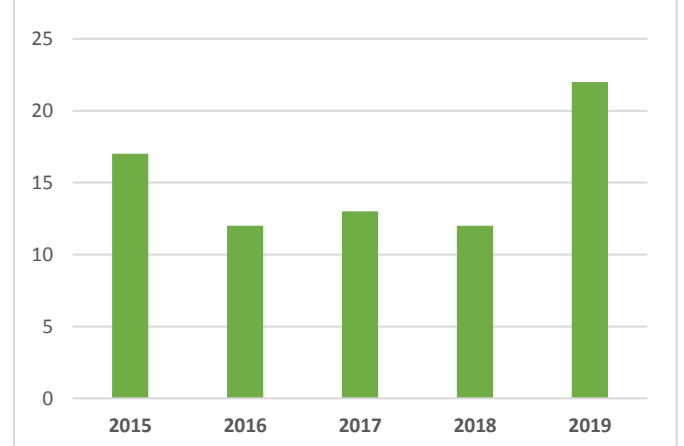
Hourly-Paid



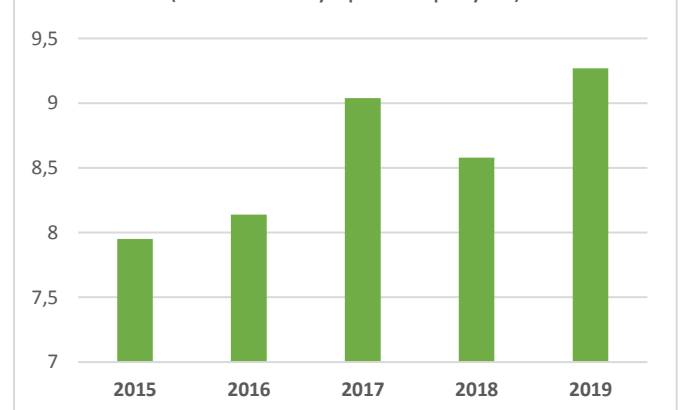
Health and Safety in the Workplace

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



Sick Leave (calendar days per employee)

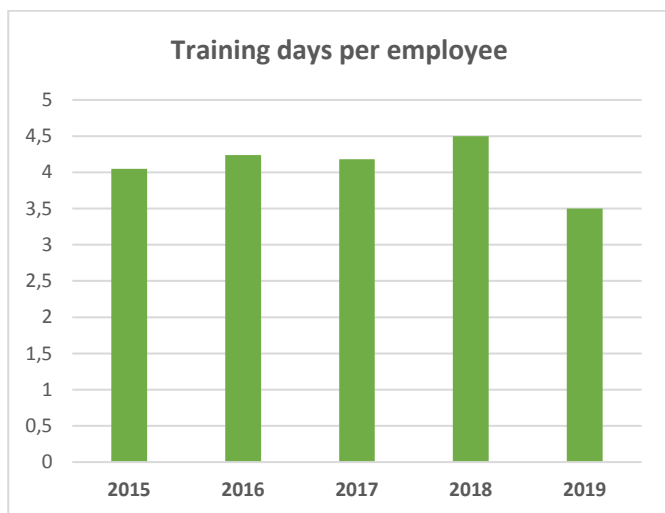


On the occasion of the World Health Day, which is celebrated on April 7th every year, Cyta organised a Health Seminar for

its personnel, which included a lecture on “Cancer: Causes and Prevention” as well as examinations of blood pressure, blood sugar, blood oxygen and carbon monoxide levels, and information from the Smoking Prevention Service of the Ministry of Health.

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.



Industrial Relations

Cyta, as a responsible employer, respects the right of its employees to trade union membership and, for this reason, 100% of our monthly- and hourly-paid personnel 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 a new Performance Management System for permanent monthly-paid personnel, the official implementation of which will start in 2020.

Supporting Diversity in the Workplace

In 2019, Cyta became the first organisation in Cyprus to sign

the National Diversity Charter. The Charter is part of the EU’s Erasmus+ DIMAIN project, with the Centre for Social Innovation as its National Partner. Its objective is to tackle discrimination, promote equality at work and manage diversity and inclusion, as well as equal opportunities in the workplace.

Cyta, a leader in the telecommunications sector and in the broader Cyprus business arena, has always complied with existing legislation and is a role model as regards its working conditions. By signing the Charter, Cyta has become a pioneer, not only in the telecommunications field but also in the area of Corporate Social Responsibility, demonstrating the importance it gives to the concept of CSR.

By signing the National Diversity Charter, Cyta recognises that it can become even better. At the same time, it demonstrates how business excellence has always been its long-term aspiration. Through this action, Cyta has shown that it can and must improve its processes, the way it communicates and behaves, and its corporate culture.

In this way, guided by the Charter, it guarantees to provide a working environment characterised by acceptance and mutual trust, free from prejudice.

ENVIRONMENT

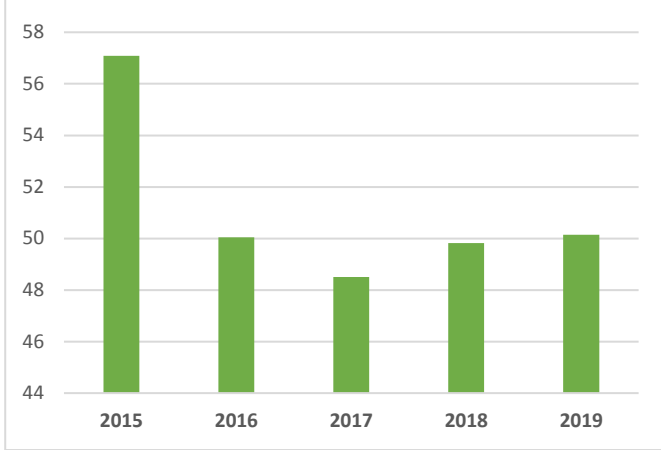
While recognising its positive contribution, Cyta is also aware of the negative impacts that its activities, products and services can have on the environment and, for this reason, it has been active on environmental issues since formulating its Environmental Policy in 2001. The environmental policy commits the Organisation to offer products and services that contribute to sustainable development and to work 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 2019, Cyta continued its efforts aimed at reducing electricity through coordinated actions.

Electricity Consumption

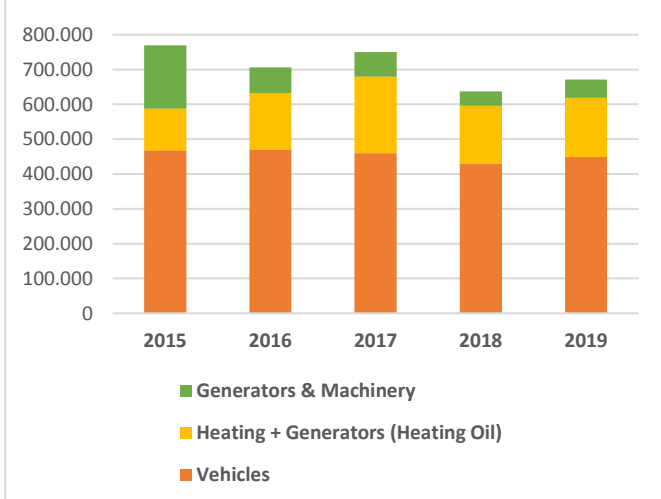


Fuel Consumption

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-intensive 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.

Fuel Consumption (litre)



Paper Consumption: Customer Bills

With the aim of reducing the consumption of resources, in November 2011 we discontinued the mailing of itemised bills for Fixed Telephony and Cytamobile-Vodafone Mobile Telephony. This initiative, with the help of our customers, led to a substantial saving in 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. In 2017 we saved another 3 tons and in 2018, a small further reduction was achieved.

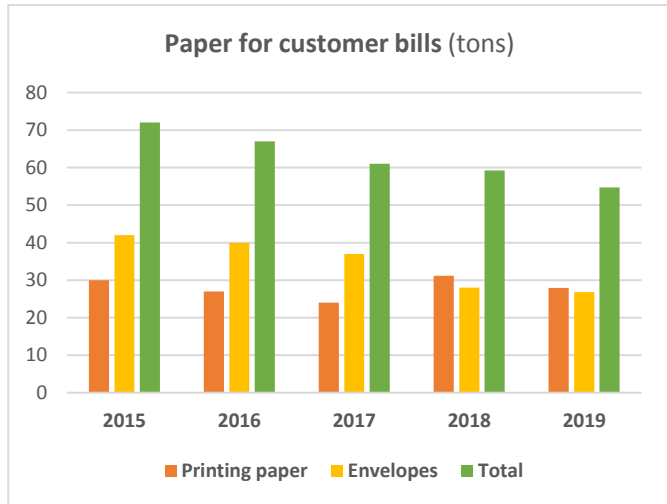
In 2019, the context of its environmental policy, Cyta introduced the single bill for all its customers. Specifically, all residential customers who previously received a separate bill for each service now receive a single bill combining all their services.

The single bill, which was first introduced in 2003, is now sent to around 261,000 Cyta customers who have opted to be informed of their accounts in this way.



The decision to apply the single bill to all residential customers is one more activity that was taken in the context of Cyta's Corporate Social Responsibility and is part of its long-term environmental policy for minimizing the environmental impact of its operations, products and services. The goal of this action is to further reduce paper consumption, given the fact that the printing and mailing of bills results in the annual consumption of thousands of tons of paper.

For even greater savings of paper, Cyta encourages its customers to visit its website www.cyta.com.cy and register with the electronic invoicing service, which provides additional benefits, such as immediate information and easy access to online copies of bills, receiving and/or printing them as well as their online storage for 24 months.



Paper Consumption: Telephone Directories

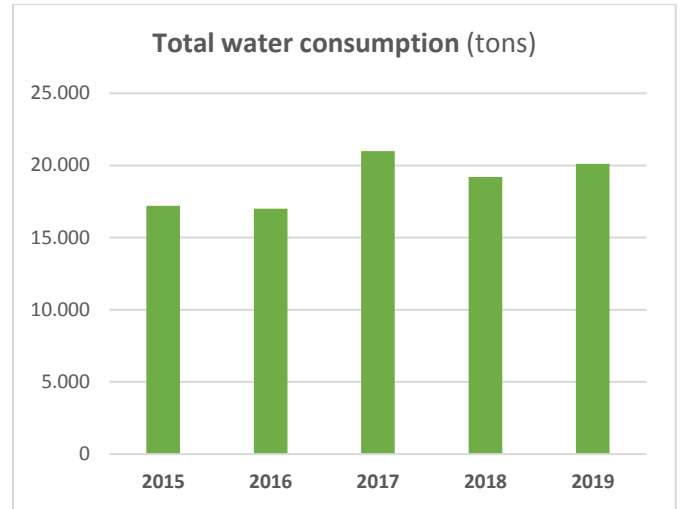
Since stopping the printing of the Telephone Directory in 2017, we also stopped printing the Yellow Pages in 2018. It is now available online. This decision led to the saving of some 23 tons of paper per year.

In-house Campaign to Reduce Paper Consumption

Among various actions taken in 2019, Cyta gave top priority to the reduction of paper usage within the Organisation, encouraging its personnel to become more aware and to make the concept of the paperless office a part of their daily lives. Since the start of the campaign, we have achieved a reduction of around 37% in the use of A4 and 65% in the use of A3 paper.

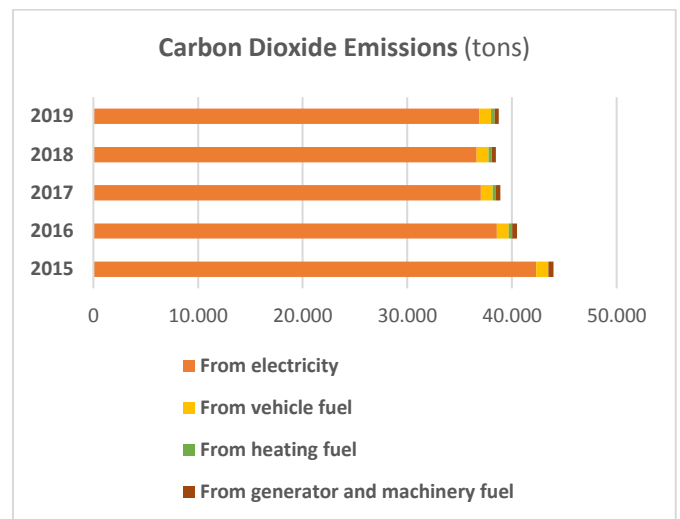
Water Consumption

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.



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.



Waste Management

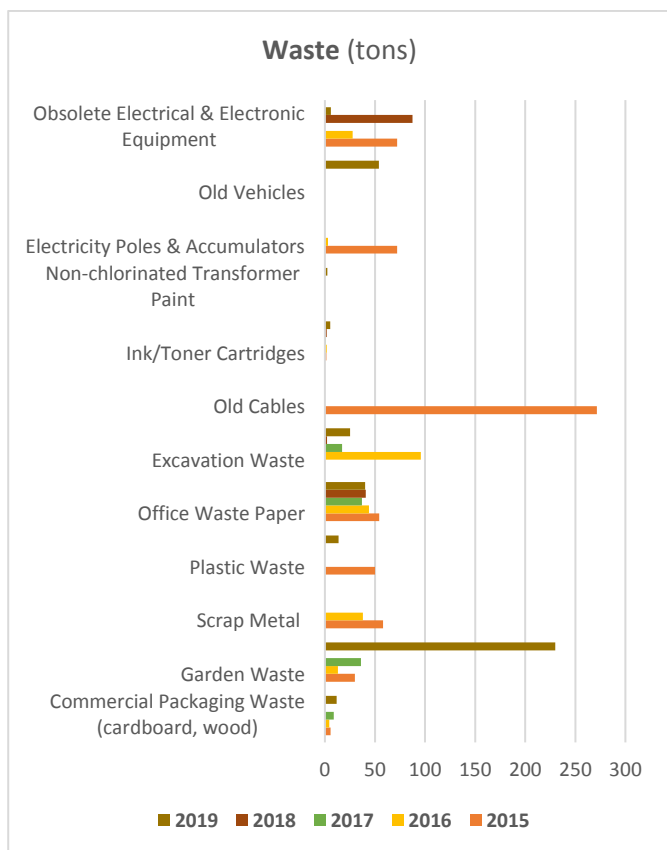
The reduction, re-use and recycling of waste is one of the commitments of our environmental policy. Cyta was the first organisation in Cyprus to register Zero Waste to Landfill, for which it obtained the relevant verification from TUV Cyprus Ltd, showing in action its respect for and responsibility towards 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 environmental policy in recycling 96% of the waste created by its activities, with just 4% being sent to landfill.

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 is 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 taken for recycling by Afis Cyprus Ltd. The type and amount of waste that we have collected in the past five years are shown in the tables below.

Cyta's obligations regarding the reduction, re-use and recycling of waste stem from the Framework Directive on Waste (2008/98), where prevention, re-use and recycling top the waste management pyramid, and landfill is seen as the last resort. Waste reduction is an indicator of the sustainability of the economy and society and linked to the change in the consumer model and to cyclical economy.



Green Offices

In 2019, for the third consecutive year, Cyta obtained Green Offices quality certification for all its Cytashops and, for the first time, received the same certification for all its manned buildings in Cyprus.

“Green Offices” is a pioneering badge of environmental quality for buildings and offices. Certification requires the implementation and maintenance of strict criteria on electricity and water consumption, waste management, the use of environmentally friendly personal hygiene products and detergents, the quality of food and drink, the transformation of free spaces into green areas, and environmental education. The programme is managed by the Cyprus Marine Environment Protection Association (CYMEPA) under the auspices of the Cyprus Environment Commissioner.

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 benefit 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 2019.

Health and Welfare

Centre for Preventive Paediatrics: Neonatal Screening Programme

In the context of its health-related activities, Cyta decided at Christmas 2019 to collaborate with Cyprus Post and the post2santa platform, through which children could send letters to Santa Claus and receive a personal reply by e-mail.

For every letter to Santa, Cyta donated €1 to the Neonatal Screening Programme of the Centre for Preventive Paediatrics and, in total, €12,495. This action was a

continuation of the long-term support by our Organisation to the particular programme since its inception, given because we believe that every newborn child has a right to communication.



Movember - Changing the Face of Prostate Cancer

As it does every year, in 2019 Cyta again supported the Movember movement, which is responsible for the appearance of millions of moustaches around the world when men are encouraged to grow a moustache and raise funds to support campaigns to prevent, treat and inform about prostate cancer.

Telecare

A Telecare project was carried out in 2019 in collaboration with the Strovolos Municipal Multi-Purpose Centre and Vidavo.

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 enabled 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.

Occupational Health Centre

Regarding the Health & Welfare of our own personnel, the Occupational Health Centre continued to provide primary healthcare services and consultations for every interested employee in 2019. Furthermore, through the Centre, preventive medicine programmes were implemented, aimed at targeted groups or all personnel.

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 citizens and to the CRC. Cyprus and Cyta are among the few countries and mobile telephony service providers to provide such services.

Cyta supports the victims of fires in Attica, Greece

Cyta and its personnel, as an integral part of the country's social fabric, played an active role in efforts to relieve the suffering of those who were victims of deadly wildfires in the Attica region of Greece in July 2018.



The total amount of €114,315 raised, was then deposited in a special fund created by the Republic of Cyprus for this specific purpose.

The total contribution was the result of a series of initiatives taken by the Organisation and by our personnel separately, supported by others, such as initiatives and actions taken by the media. Specifically, Cyta donated €50,000, while the Cyta Employees Welfare Fund donated an additional €50,000. At the same time, the Organisation collected €14,315 in public contributions made through the Charity Direct service and donated its revenue from customer calls and messages in support of the #standbygreece initiative to the same cause.

Cyta and Road Safety

In 2018, Cyta continued to demonstrate the sensitivity and special interest that was developed over the years, with significant and regular action, in the area of Road Safety, an issue of concern to the whole of Europe and to Cyprus in particular. Since 2004, Cyta has consistently and through its actions, honoured, its signature and commitment to the European Road Safety Charter (ERSC) contributing to the reduction of the number of road deaths and for the 16th year it continued to hold special road safety seminars for conscripts serving in the National Guard.



The joint efforts of the authorities and the organised sensitive active members of the Cypriot society to cultivate road safety awareness in conscripts, finally gave crop. The Statistics for the last three years indicate that no serving soldier has been a road accident victim. The latest series of seminars was organised in the Conscript Training Centres in Larnaca, Paphos and Limassol as well as in the Commando Unit Training Centre at Stavrovouni.

This particular Cyta initiative began in 2004 and soon became a permanent annual event in response to the needs of young people and the concerns of parents regarding road accidents. The seminars, conducted by the training firm ARA Road Safety Consultants in conjunction with the Ministry of Defence and the National Guard, are part of Cyta's overall activities aimed at cultivating road safety awareness among young people through special training, confirming its sensitivity to the important issue of road safety and its commitment to the ERSC.

Moreover, regarding 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 is worth mentioning that Cyta ensures that all the vehicles purchased 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 and supports various programmes of relevant bodies and social partners aiming to reduce traffic accidents in Cyprus. Such activity is the provision of free cycle helmets to children visiting the Police Road Safety Park.

Education

Cyta is a long-term supporter of programmes aimed at young people, such as Junior Achievement Cyprus (www.jacyprus.org), a member of the global non-profit organisation that specialises in the provision of entrepreneurial training for young people, Junior Achievement Worldwide. In this context, in 2019, it held for the 3rd consecutive year a seminar entitled "The Power of Social Media: How to boost your Company through Social Media".

The seminar was attended by the young entrepreneurs taking part in the JA Student Company of the Year competition and their teachers. Training on social media was given by Tassos Veliades, an expert on digital communication and social networks, who focused on the importance of social networks as a means of promoting products and services. Additionally, he explained how to draw up a basic strategy, enabling the student companies promote their products more effectively.

Through this activity, Cyta demonstrated its long-term support and its efforts aimed at promoting entrepreneurship among young people and in society as a whole.



In April 2019, Cyta awarded prizes to the winners of the Student Competition for articles, videos and photos on the theme of the environment. The competition is organised every year among high school students by the Cyprus Marine Environment Protection Association (CYMEPA) in the framework of the European “Young Reporters for the Environment” programme. The competition has been supported for the last 18 years by Cyta and the Ministry of Education, Culture, Youth & Sport.

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.

Environment

For Cyta, Corporate Social Responsibility 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. On environmental protection, its policy is based on the provision of products and services that contribute to sustainable growth and the minimisation of any negative environmental impacts arising from its operations.

As a socially responsible organisation, Cyta has adopted a complete programme of CSR activities and is constantly seeking new ways of actively contributing long-term to a better future.

Earth Hour

As every year, Cyta was an active participant in the 2019 Earth Hour activities in Cyprus, calling on its personnel, customers and the general public to take part in the symbolic act of switching off their lights for one hour on Saturday, March 30. 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.



Protecting Biodiversity

Cyta believes that it is important to take measures that protect biodiversity, since this is one of the United Nations’ Sustainable Development Goals and specifically target 15.3 which refers to “the need to take urgent and significant action to reduce the degradation of natural habitats, halt the loss of biodiversity and, by 2020, protect and prevent the extinction of threatened species.”

Tree Planting

In March 2018, Cyta announced its decision to become the first strategic partner of the Greening Cyprus initiative for at

least the following three years in the context of its environmental policy. Through this collaboration, the Cyprus Forests Association, responsible for implementing the initiative, has committed itself to planting a number of trees and bushes each year on behalf of Cyta and to maintain them for a period of three (3) years. These plantings will be carried out in the framework of Cyta's decision to plant a number of trees representing 10% of new Cytavision subscriptions.

This idea was first implemented in March 2016 in the context of the Organisation's Corporate Social Responsibility, with the aim of reducing its carbon footprint. It was a continuation of Cyta's support for the Greening Cyprus initiative for the reforestation of Solea and Argaka in the wake of deadly wildfires in 2016. Specifically, Cyta undertook to cover the cost of the saplings required to reforest the destroyed forest areas, including Ora and Ayios Amvrosios, where trees were planted in 2018, and Chandria, Limassol, where trees were planted in 2019.

Protection of Swifts and Bats

Cyta is the first strategic partner of the Cyprus Forests Association and BirdLife Cyprus and, together, they engage in activities that contribute to the protection of biodiversity in Cyprus. Specifically, in the context of its environmental policy of protecting swifts and bats, Cyta has taken various actions, including the funding of the placement and installation of special systems that help with the management of bats in caves on Troodos and in the Akamas region. Furthermore, special sound systems have been installed in Cyta buildings that transmit the calls of swifts in an effort to attract them to artificial nests placed on the roof of the buildings.

Achievements

National Energy Globe Award 2019

Cyta was honoured with the National Energy Globe Award Cyprus 2019 as the first and only organisation to be certified for registering Zero Waste to Landfill since 2016. The annual award is presented on a national level to one company from each country and is one of the most significant of its kind in the world and one which, in 2019, companies from 187 countries were hoping to win for projects that focused on energy efficiency, RES and energy conservation. The National Energy Globe Award 2019 represents another success for Cyta regarding CSR issues and, in particular, sustainability.

Two Gold and two Silver Awards for Cyta at the 2019 Cyprus Responsible Business Awards

In 2019, Cyta, a pioneer in Corporate Social Responsibility (CSR) in Cyprus, added another four awards to its collection. They were presented at the Cyprus Responsible Business Awards 2019, the aim of which is to recognize the best practices and innovation carried out by responsible enterprises that are committed to sustainability, corporate responsibility and sustainable growth.

The two Gold Awards were presented to Cyta in the category "Technology for the Common Good" and specifically for "Digital Training and Skills" and "CSR Apps". The Silver Awards were won in the categories "Business Collaboration Excellence" and "Sustainable Growth – Built Environment/Green Buildings". These latest awards come in the wake of other recent honours obtained by Cyta for "Recycling/Reuse of Waste" in the 2018 Environmental Awards in Greece and Cyprus, and the repeated "Zero Waste to Landfill" and "Green Offices" certification.



Gold Environmental Protector Award

Cyta gained recognition for its environmental management activities when it won for the second consecutive year the Gold Environmental Protector Award at the 2019 Cyprus Environmental Awards.

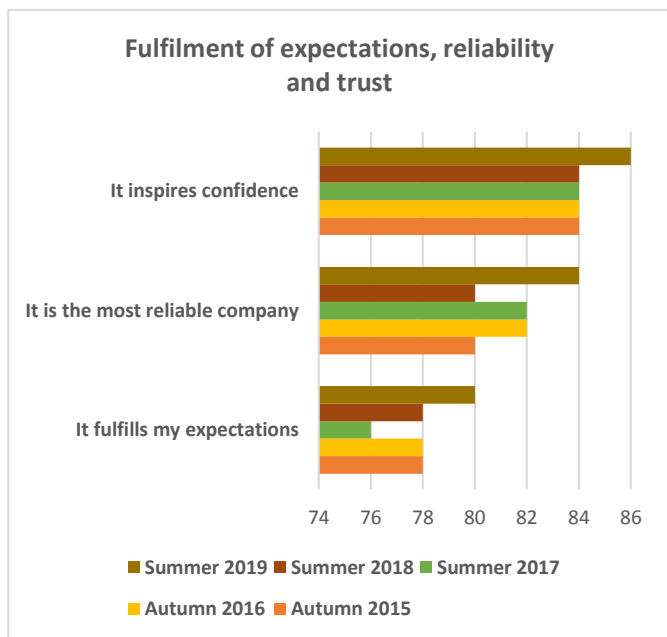
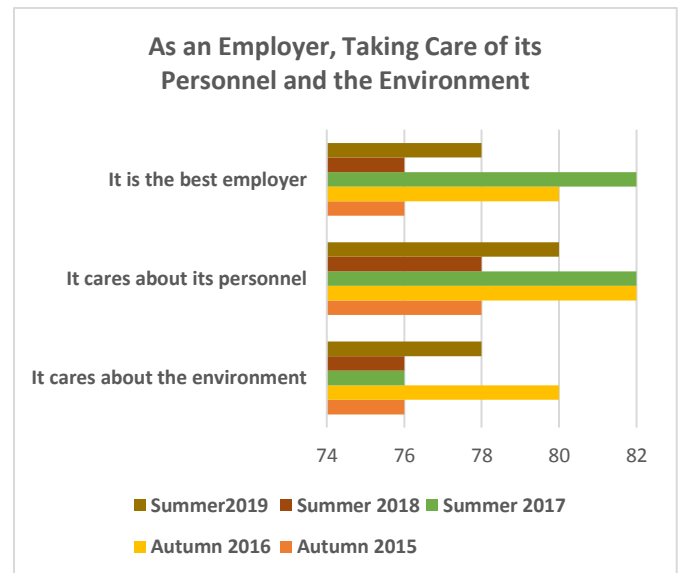
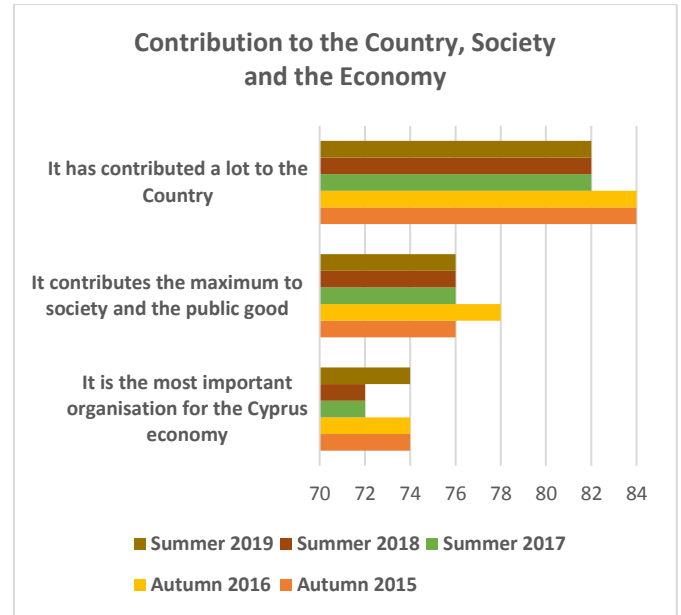
The Gold Environment Protector Award is the most important environmental award in Cyprus and is given to businesses

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.

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.





MANAGEMENT

Management

HUMAN RESOURCES

Personnel Health, Safety & Welfare

Cyta's interest in the welfare of its personnel continued in 2019 through the successful institution of the Occupational Health Centre, the provision of support to employees facing problems and the organisation of events.

In 2019, the Occupational Health Centre continued to provide primary healthcare to employees in the Greater Nicosia area and to carry out 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 crews climbing poles or working underground as well as on those on night shifts. Medical examinations were also conducted before recruiting new employees in relation to their suitability for carrying out specific duties.

In 2019, 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 of employees' families.

Regarding personnel safety, all the Organisation's manned and non-manned buildings and premises were inspected, risks were assessed and reports were submitted to the relevant departments.

Inspections were also carried out on technical crews to check that all safety regulations and processes were being implemented. The crews of contractors appointed by Cyta to undertake certain work were also inspected to monitor the implementation of their key obligations regarding the safety of their staff, the correct use of Personal Protective Equipment and the required marking of the site in accordance with the relevant Regulation.

Training and Development

In the context of our policy of encouraging life-long learning and the systematic development of our employees, in 2019 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.

Moreover, in the context of the alternative methods of learning that we promote, Cyta became a corporate member of the European Mentoring and Coaching Council (EMCC) Global and the "Cyta Manager as a Coach" programme was re-certified at foundation level as part of the EMCC European Quality Award (EQA). The programme will remain in force from 3/12/19 until 3/12/24.



The percentage of personnel participating in training programmes in 2019 was 53%, with the corporate index of training hours per employee reaching 3,48%, while HR Development as a percentage of payroll was 1,61%.

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 "Safe Driving".

Finally, particular emphasis was placed on the recruitment of both permanent and hourly-paid employees and, in collaboration with all the units of the Organisation, an induction programme was prepared to inform them about

important issues and Cyta's services. A specialized training programme was subsequently coordinated by the department in which each individual employee had been placed. The objective was to provide new recruits with all the required information and knowledge before they began their new job, in order to secure their smooth entry into the Organisation.



In addition to traditional forms of education/development/learning, we continued to design and promote 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 official certification by the Human Resource Development Authority of Cyprus, in accordance with European standards.

In-house trainers were identified within the Organisation and they will obtain the relevant certification in 2020.

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 2019, 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 its dialogue with the trade unions on a variety of issues related to its modernisation.

Recruitment

In 2019, 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 continued 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 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.

Voluntary Redundancy Scheme

In the framework of Cyta's efforts to reduce its operating expenses, including payroll, and, more broadly, to reorganise and modernize the Organisation, it started implementing a Voluntary Redundancy Scheme (VRS) at the end of 2019 and it is expected to be completed by early 2021. The VRS is an essential tool that will enable the Organisation to achieve its strategic aims, including improving its financial results, which are affected to a great extent by operating expenses and labour costs. Cyta's strategic goals also include improving customer service and changing its corporate culture, both of which are linked to the need to renew its personnel (regarding both age and familiarity with technology).

Hourly-paid Staff

In accordance with the Hourly-paid Staff Collective Agreement 2015-2018, signed with the trade unions, on 1/1/2019 salary scales were introduced for all hourly-paid staff. In addition, a performance-based bonus system was implemented.

Furthermore, in 2019, significant improvements to the benefits for hourly-paid staff were announced, following agreement with the unions.

COMMUNICATION POLICY

Technological developments have significantly altered the role played by telecommunications companies in the daily lives of their customers. In particular, developments in telecommunications technology have soared and we can properly speak of superfast speeds and the Gigabit era.

These developments, which we are experiencing in every aspect of our lives, come with a huge number of potential benefits and, at the same time, challenge us to make the most of them.

Thanks to its systematic investment, Cyta finds itself at the cutting edge of technology and, at the same time, has put Cyprus on the map of technologically developed countries with the necessary infrastructure to respond successfully to the demands of the times.

Cyta believes that everything is possible, provided that you develop and maintain a presence. For this reason, it has transformed technological developments into its driving force, in order to maintain a constant presence in the lives of its customers. It listens to their needs and responds to their demands by providing the latest technology of the highest standard as regards quality and security.

The future we have been waiting for is already here and this is just the beginning. We see a lot, we learn even more as we grow and we can't wait for what's next.

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 2019, 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 action.



Crisis communications management is now 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 2019 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. By the end of the year, 77.000 customers had been transferred to this service, representing a saving of 17 tons of paper, which would have required around 300 trees to produce.

Moreover, via the corporate website, visitors can find information about Cytashops and our sales network, Press Releases, tariffs, Annual Reports, etc. as well as links to other useful Cyta websites.

Cyta maintains a dynamic presence on social media, including the following accounts:

- **Facebook:** cytaofficial, cytamobile και soeasy
- **Twitter:** cytacyprus και cytasupport
- **Instagram:** cytacyprus και cytamobile_vodafone
- **LinkedIn:** cyta
- **Youtube:** cytacyprus, cytamobile, cytasupport και 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, events and competitions, and to be a channel of interactive communication with 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 smartphone.



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.



Cytavision Go: to watch around 40 TV channels on their mobile phone, tablet or computer, including the Cytavision Sports channels, depending on their chosen viewing package.

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 2019, 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 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 the new EU Regulation 2017/373.

STRATEGY

In 2019, 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. At the same time, around the middle of the year, an interdepartmental project began to review the Organisation's three-year Business Plan for the period 2020-2022.

INFORMATION SECURITY AND 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 Telecommunications Fraud Management unit was set up in 2000. Over and above the protection of its services, Cyta has expanded its activities aimed at preventing and detecting fraud to cover its customers so as to protect them from malicious acts.

Unit personnel have been specially trained on security and fraud issues and, in order to remain up to date, we collaborate with numerous international organisations specializing in telecommunications fraud. For all-round protection and the timely detection of cases, we have procured the most advanced specialized telecommunications fraud detection and management systems and to deal with the problem in the most effective manner, our staff provide a 24-hour response. Additionally, we strive to keep our customers and the general public informed about issues pertaining to telecommunications fraud.

At corporate level, with the aim of ensuring the security of all our core activities, 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.



Specific measures and processes are implemented, including regular security checks and hacking attempts, security assessments of new services, physical security/guarding, reasonable access to apps, monitoring of online access, etc.

In order to maintain the ISO27001 quality certification of Cyta's Data Centres, we conducted internal inspections based on the requirements of the quality standard, the results of which were assessed positively during the external inspection process.

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

hosted information. The major part of the Organisation's computer infrastructure is hosted by these Centres, which, at the same time, host customers' equipment. In 2019, 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 2019, we continued to manage the Health Insurance System, which is one of the most important elements 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 designed and implemented the Paphos Municipality's new IT infrastructure, which is hosted in our Data Centres for the provision Managed IT Services.

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

We also 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 planning 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. At the same time, we are upgrading the Customer Relationship Management (CRM) infrastructure and building new, modern customer service monitoring and support systems.

Additionally, 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 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 and always with uninterrupted service. 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, reduce the Organisation's operating costs and ensure that it can continue its business activities in times of crisis. 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 and on its focus on the achievement of its goals. Financial management contributes to the development of the Organisation's strategy, provides essential financial data in support of Management in its strategic, tactical and operational decisions, and guarantees that the Organisation's actions are based on reliable financial criteria.



Through rational 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.

The financial information that we provide is based on global standards and best practices. 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 2019, Cyta participated in public consultations/hearings 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 its subsidiaries, with the aim of aligning goals and making the most of synergies so as to maximise the value of the subsidiaries to the benefit of the Organisation.

STRATEGY AND WHOLESALE 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, electromechanical installations, vehicles and machinery as well as electronic systems security and guarding systems.

PHYSICAL SECURITY MANAGEMENT

In 2019, we continued to extend the Islandwide Security System (ISS) 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 ISS and renewed the contact with the supplier (G4S Cyprus).

We completed the upgrades and strengthening of security measures, with particular emphasis on replacing old analogue cameras with new digital ones in all Cytashops across the island.

We participated in all the groups behind the implementation of projects regarding the relocation of the Cytashop in the Mall of Cyprus and the renovation of the Lycavitos, Polis Chrysochous and Linopetra Cytashops.

We proceeded to study and upgrade the CCTV system at the Makarios Teleport at Kakoratzia.

We completed the study for the installation of cameras at Mobile Telephony Base Stations and RDSLAM, following repeated thefts of batteries and damage caused to the cabinets.

We participated in the team set up to maintain ISO27001 certification for the Platy and Amathus Data Centres.

We continued to provide support to an external customer who had requested an upgrade of his own security systems. At the same time, we continued our regular contacts with Government Services and other organisations (University of Cyprus, Ministry of Education, Culture, Youth & Sport, EAC, etc.) regarding the provision of physical guarding/security services. Our many years of experience and the existence of the 24-hour Cyta Security Control Centre (CSCC) are key advantages for the Organisation.

We signed new contracts for the provision of islandwide guarding services for Cyta buildings and renewed money transfer agreements with G4S and Bank of Cyprus.

We carried out 97% of the planned annual readiness exercises set out in Cyta's Civil Defence Emergency Plan with very satisfactory results.

At the CSCC, we fully implemented Cyta's paper-saving policy and all documents are saved in digital form while, at the same time, we planned and implemented the approval process for physical access requests.

BUILDINGS INFRASTRUCTURE MANAGEMENT

In 2019, the project for the renovation/upgrading of the old Electra Building in Nicosia was completed.

We prepared a report analyzing all the parameters affecting the implementation of the plan to monitor, study and seismically reinforce Cyta's buildings, as well as the tender documents for Consultant Civil Engineers to conduct visual examinations of the Organisation's most important buildings.

We proceeded to construct new bases and shaft and cabling systems for the installation of satellite antennas for customers (Avanti, NoorSat, Eutelsat, etc.) at the Makarios Teleport, to surface access roads to new antenna sites, to refurbish the kitchen, build a patio and renovate the entrance to the building.

We refurbished staff and visitor washrooms and carried out wide-ranging renovation and improvement work on the building at Pentaschinos, while implementing a radical solution to its insulation problems.



In March 2019, in the space of approximately one month in accordance with a tight schedule, we completed work on the new Cytashop inside the Mall of Cyprus.

In August 2019, we renovated the Lycavitos building in Nicosia in two stages: Phase 1 concerned the renovation of the Cytashop and the creation of the Business Customer Centre; Phase 2 focused on the replacement of all the building's heating/cooling and ventilation systems, including all the required building and electrical work. With the start of renovation work on the Lycavitos building, we transferred all the staff there to the Electra building and elsewhere, transforming the space as required to cover their needs.

In 2019, we published and awarded tenders for two Fixed Period Contractor agreements, for Nicosia/Larnaca/Famagusta and Limassol/Paphos respectively. Each tender was awarded to a different contractor.

In 2019 we continued to provide high-quality islandwide cleaning and hygiene services to all Cyta buildings. We responded to 400 requests to resolve issues in our buildings and successfully dealt with 150 that concerned breakages and repairs to ergonomic office furniture.

We published tenders and proceeded with the purchase of new desks and chairs to replace a large amount of old office

furniture, in response to the need for furnishings in all the refurbished and new Cytashops and also to the wishes of our internal customers, which resulted in satisfaction levels of up to 97%.

We replaced brand stickers in Cytashops and, at the same time, set up a team to record all instances in which exterior signage was needed. We also prioritized the preparation of signage and set up a committee to prepare written specifications for a tender.

ELECTROMECHANICAL SERVICES MANAGEMENT AND VEHICLE FLEET MANAGEMENT

In 2019, we continued to implement the islandwide Fire Protection System (FPS) with new and upgraded equipment. The system is now in place in 82% of buildings.

We also connected 95% of Cyta's buildings to the Electromechanical Equipment Monitoring System and improved support with separate contracts for the monitoring software and the installations. Responsibility for monitoring the system rests with the Network & Services Management Centre.

In 2019, we published a tender for the installation of photovoltaic (PV) systems in Cyta's buildings for autoproduction, with the aim of reducing electricity costs through the use of Renewable Energy Sources (RES), while continuing to operate hybrid PV systems in a number of mobile telephony base stations.

We proceeded to replace a large amount of old and energy-consuming electromechanical equipment and supply systems, with the goal of improving the reliability of our services while saving energy, and we implemented projects for the supply and maintenance of rectifiers in various telephone exchanges and Cyta buildings across the island, as well as Uninterruptible Power Supply (UPS) systems in the Lycavitos building.

We installed or replaced central heating/cooling systems in the Lycavitos, Electra and Amathus buildings, ensuring reliable and efficient climate control while achieving significant reductions to electricity consumption. We also installed a large number of energy-efficient split units for new requirements or to replace existing units. This project won us a Green Public Procurement Award from the Ministry of Agriculture, Rural Development & Environment.

We carried out new projects regarding electromechanical installations and supply systems for key customers as well as important Cyta projects, including the Wireless Access

Network, Data Centres, Teleports and Undersea Cable Landing Stations, Aeronautical Services, the IP Network, colocation, etc. At the same time, we upgraded electrical installations to increase service availability.

We responded to some 200 applications for new electromechanical services from internal and external customers of the Organisation.

In the context of our long-term efforts aimed at energy conservation and reducing our operating expenses, we began replacing all existing energy-intensive lighting systems in our offices with new LED lighting. We proceeded to install 1,060 LED lamps - with the investment in their supply and installation due to be recouped in just 5½ months - in 13 manned Cyta buildings, replacing a total of 2,200 old technology lamps. The first phase of the project is expected to save around €100.000 per year on electricity bills.

With the firm objective of maintaining the high quality of the operations of our electromechanical equipment, we reinforced our work through the procurement of 24/7 services covering fault repairs, which guarantee the uninterrupted operation of our equipment and, by extension, the services offered to customers.



For the operation and maintenance of vehicles and machinery, we continued our efforts aimed at reducing operating expenses and conserving resources by replacing old vehicle with new ones and through the reallocation of vehicles depending on their use (mainly on how many kilometres they had clocked up) and the immobilisation of unusable, old, energy-intensive vehicles.

In December 2018, approval was given for a second order for 38 new vehicles, as provided for in contract AT.21/2016. The order for 19 Panel Vans and 19 double-cabin vans was submitted in April 2019 and delivery of all the vehicles was completed by the end of 2019.

In October 2019, we published tender AT.29/2019 for the purchase and maintenance of five elevating work platform vehicles.

In 2019, we maintained high levels of preventive and corrective vehicle maintenance in all districts. We issued, renewed and/or awarded tenders for the supply of tyres and starter batteries and for preventive and corrective vehicle and machinery maintenance. Additionally, we published tenders for the evaluation of Cyta's vehicle fleet by a valuer and for the sale and destruction of 36 old vehicles and machines. In 2019, we continued to be supplied with fuel by Hellenic Petroleum Cyprus Ltd and Petrolina (Holdings) Public Ltd, which were awarded the tender AT.26/2018.

Also, in 2019, we continued the successful use of the telematic vehicle fleet management system installed in all the Organisation's vehicles.

STORES MANAGEMENT

Another key activity is the management of Cyta's stores and stocks. Through the use of modern methods, hardware and software and an overall effort aimed at continuous improvement, we attempt to gain financial benefits by reducing operating expenses. At the same time, we wish to maximise the benefits to internal and external Stores customers, mainly through the speed and accuracy of service, which adds value to the tasks it supports.

In January 2019, Annual Stocktaking - which is the best indicator of business competence - took place with excellent results. In 2019, we extended the distribution system to Cyta buildings in Paphos, Larnaca and the Famagusta District and, at the same time, started work on renewing the Stores fleet of vehicles and machinery to improve distribution and loading/unloading services.

In 2019, we continued to upgrade Stores security in terms of infrastructure, fencing and covered storage space as well as through the use of cameras and monitoring systems.



PRODUCTS
AND CUSTOMER
SERVICE

Products and Customer Service

A new era in communication with the Fiber Network

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 data transfer speeds of up to 1 Gigabit and even faster speeds where necessary. Customers have fast and uninterrupted access to innovative New Generation services while, at the same time, the new network will facilitate progress in the country's digital transformation.



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

For businesses, productivity is substantially improved, while the time needed for completing tasks and transmitting large volumes of data is significantly reduced. The Fiber Network also provides fast access to the most up-to-date business applications, including the Cloud, Office365, the Internet of Things and high-level remote access services such as teleconferencing, telemedicine, etc.

Cyta aims to gradually make the network available to 200,000 premises throughout Cyprus, with 60% of the project being completed within four years of installation work in 2018.

PORTFOLIO OF SERVICES

FIXED TELEPHONY

Through a series of projects and actions for the further enhancement of the services we offer, we continue to be the most reliable, quality providers of Fixed Telephony in Cyprus to both residential and business customers.

In the framework of the constant renewal of our technology infrastructure, we continue to transfer customers at a rapid rate to the broadband telephony network, which has replaced the analogue fixed network. The broadband telephony network enables us to respond to the increased needs of our customers with upgraded, reliable solutions, with which they can communicate from anywhere and anytime on any device.

The project is expected to reach completion in 2020 with the transfer of all business and residential customers to the new network.

In 2019, the Business Start plan was upgraded and, in addition to the option of combining Internet Home and Business Telephony products, it also offered the inclusion of Cytamobile Vodafone plans (RED, BLACK or FREEDOM).

Following this upgrade, the Business Start plan constitutes a complete and attractive offering to new businesses and provides solutions for effective and quality communication with customers and partners. These solutions can be tailored to the needs of each business as they arise.

At the same time, the rapid development of the Fiber Network offers customers the experience of quality calls via Fixed Telephony.

In 2019, customers benefited from the free installation of Fixed Telephony (in June, September and December 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 far the consumer's consistent first choice when it comes to Mobile Telephony in Cyprus.

In summer 2019, taking advantage of the potential of its cutting-edge technology, Cyta made the first-ever Augmented Reality call using holograms in Cyprus, **via the pilot 5G network**. Through its innovative use of holograms, Cyta can claim a global first in terms of the high-resolution picture quality and brightness achieved by combining 5G and high-density LED technologies.

The revolutionary capabilities of 5G can change people's lives in areas such as:

- **Public Safety/Security:** Authorities can conduct real-time monitoring and inspections and prevent life-threatening incidents.
- **Health:** Real-time monitoring of data allows the remote observation of patients and remote surgery, while greatly facilitating immediate response to cases of emergency.
- **Entrepreneurship and Industrial Production:** Artificial Intelligence and the Internet of Things radically improve the customer experience, the allocation of resources and productivity, and help to save energy.
- **Smart Cities and Autonomous Driving:** The use of digital technologies means improved services to citizens, a better use of resources, less environmental impact, fewer road accidents and, therefore fewer life losses.
- **Education, Tourism, Entertainment:** These are changing drastically thanks to Augmented Reality, by which artificial three-dimensional objects are overlaid in real time in the actual environment, enabling users to interact with the scene before them.

Cyta's pilot 5G network is being tested internally. The technology is expected to be commercially available following the allocation of frequencies by the Government. The pilot stage is an essential requirement and established practice by Cyta which, as a public benefit organisation, acts with particular care, studies and tests every new technology before proceeding to commercially import it and make it available to customers, in full compliance with internationally recognized standards.

Since 2017, Cyta provides the most technologically advanced network in Cyprus, upgrading it with 4.5G speeds.

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 is incorporated uninterrupted into their physical and digital world.



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 huge 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 since it enables them to experience very 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

For the first time, new innovative Mobile Telephony plans with truly unlimited Mobile Internet are introduced to the Cyprus market. FREEDOM, FREEDOM Plus and BLACK offer users unlimited talk time, unlimited text messaging (SMS) and unlimited Mobile Internet. At the same, the philosophy of maximum speed data transfer is introduced with the aim of satisfying the various demands of customers regarding their use of Mobile Internet.

The innovative BLACK plan is aimed at customers with especially high communication requirements. In addition to unlimited talk time, text messaging and Mobile Internet, it offers 100 minutes of international calls to EU countries and a new smartphone every twelve (12) months.



Another innovative move by Cyta is the provision of YOUTH plans. These aim at the significant customer segment of those aged under 25. For mobile telephony there are three (3) plan options, each aiming a different age group: soeasy Youth, Youth prepaid card and RED Youth. All three offer a large amount of talk time, text messaging and Mobile Internet.

Additionally, in 2019, all the RED plans are reviewed which now offer more Mobile Internet at even more affordable prices. The RED Plus plan offers customers unlimited talk time, unlimited text messaging (SMS) and the choice of 2GB, 4GB or 10GB of Mobile Internet.

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 affordable communication, with unlimited talk time, unlimited SMS and the chance to share 25GB (or 35GB depending on the selected option) of Mobile Internet among themselves.

All monthly plans allow customers to pay for any of the new smartphones available from Cyta by monthly instalments.

For customers who prefer to have total control over their account, without the commitment of monthly plans and bills,

the prepaid soeasy pay as you go service is offered, which enables 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, in order 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.
- Use up to 500MB free, via the Panic Button service, for browsing up to an hour each month, if they are out of Mobile Internet.
- 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 a certain period.
- Manage their account with ease and speed via the soeasy selfCare app.

Furthermore, with the introduction of YOUTH plans, as noted above, soeasy customers are offered more Mobile Internet and, for the first time, so easy customers have the chance to obtain a new smartphone and pay for it by instalments.

Content apps are upgraded offering even more value to the already attractive package of services. These are:

- selfCare
- personalCloud
- liveSports

At the same time, for Cytamobile-Vodafone customers, Cyta continued to invest in the following services:

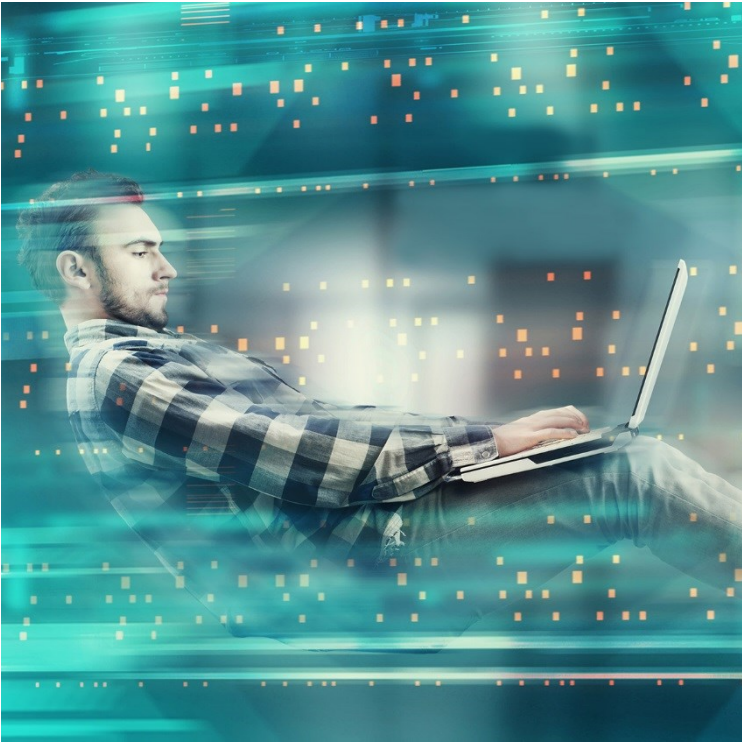
- **Social Responsibility**, offering the safeMobile application free to all mobile telephony customers, both pay monthly and soeasy pay as you go.
- **International Roaming**, constantly adding new destinations (now 170 countries and 483 networks).
- **Machine to Machine (M2M)**, providing a wide range of products, specially tailored to the needs of our business customers.

CYTANET INTERNET SERVICE

Acknowledging our responsibility as the biggest Internet Service Provider in Cyprus, we continued to thrive in 2019, through significant network development projects and the provision of upgraded services.

With a focus on improved quality and reliability of the network and, by extension, the services we provide, we undertook a number of upgrading and development projects.

Specifically, in July 2019, we increased the upload speeds of Internet products and offered new options for faster download speeds.



At the same time, we upgraded the Cytanet IP 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 200Gbps 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 of online content and the most popular social networks for local content storage.

In 2019, 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 continued connecting customers through Vectoring technology and increased coverage with Bonding technology across the island for the provision of even faster, better quality access to customers.

Other important projects implemented during the year under review were the following:

- **Expansion of the Cytanet Wireless Zone's Wi-Fi network**

In 2019, there were over 180 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 2018-2019 academic year, a total of 75 presentations were given in all districts, attended by 8,207 pupils and teachers. Since 2001, a total of 1,456 school visits have taken place and more than 158,000 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 by Cytanet for free, 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.

Additionally, customers benefited from special offers, including the free installation of Internet Home & Business products (June, September and December 2019), special discounts on Internet Home products and the 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 a substantial number of 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, it offers quality entertainment and information for all tastes.

Cytavision is an integral part of Cyta's 3play market offering, complementing its fixed broadband services portfolio.

The goal of the service is to continue providing quality and popular content and, at the same time, innovative applications and new ways of satisfying our customers' needs.

Upgrades

During the year under review, Cytavision was upgraded significantly. Through the application of new technology, Cytavision now offers a unique TV experience, with impressive access and viewing options. The most important advantage of the upgrade is the customer experience offered by Cytavision Go, which enables subscribers to watch its content wherever they may be: in Cyprus, abroad, at home, at a summer residence, in the car, etc. Cytavision Go is available completely free to family pack customers. Moreover, our customers have new options at their disposal, the main ones being the ability to create personal profiles for each family member, catch-up TV enabling viewing of a programme up to seven days after its first screening, as well as programme pause and restart.



Cytavision continues to offer three packages, designed to satisfy the different needs of its subscribers:

Super Pack with all Cytavision's sports and themed content, featuring more than 90 TV channels, including six exclusive Cytavision Sports HD channels. Super Pack customers can also watch movies via Video on Demand. The package was repriced in October 2019 from €45/month to €39.90/month for Internet customers.

Variety Pack featuring a large variety of entertainment with more than 80 popular channels in all viewing categories, with a focus on movies and TV series. Variety Pack customers can also watch movies via Video on Demand.

Value Pack featuring quality entertainment at an extremely affordable price includes more than 60 popular channels in all viewing categories.



Additional Services

- Access to content on mobile devices and while on the go via the Cytavision Go app
- Video on Demand with a choice of popular new and older movies
- Electronic Programme Guide (EPG)
- Viewing from a second TV with the installation of a 2nd set top box for an additional monthly charge
- Access to adult channels for an additional monthly charge
- Video recording of 5 or 10 hours for an additional monthly charge

Cytavision also offers the following 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, 6 exclusive Cytavision Sports HD channels for live football and other sporting events, 5 Novasports HD channels, as well as NBA TV, Eurosport1 and Eurosport2

Thematic Content

Cytavision's thematic content was significantly upgraded in 2019 through the addition of Village Cinema HD, which screens popular movies and premieres, and BBC Earth HD, with award-winning documentaries on nature, the climate, people, the animal kingdom and space. Cosmote History HD is also introduced, which shows documentaries with a focus on Greek history and culture, and Mezzo Live HD, the channel dedicated to classical and jazz music. Finally, Cytavision was first to bring Fashion TV to Cyprus in Ultra High Definition, known as 4K.

Sports Content

Cytavision's sports content maintained in the high quality that characterizes the service. The six Cytavision Sports channels were upgraded to broadcast a major part of their content in high resolution (HD). Cytavision Sports HD channels 1-6 are available to Super Pack customers. They show the most complete sports content in the market, which is also the first choice of Cytavision viewers.

In 2019, TV rights were renewed with the CFA for 2022-2025, the English Premier League, the EFL Carabao Cup, the Greek Cup, the Wimbledon tennis tournament and NBA TV. As in the previous year, key events included the Cyta Football Championship, the Cyprus Coca-Cola Cup, the UEFA Champions League and UEFA Europa League, the qualifying matches by Cypriot teams in those competitions, Formula 1 and other important sporting events of all kinds.

Attractive Special Offers

During this year, Cytavision held promotions to attract new subscribers and retain existing ones. In addition to the offer of free installation of the 1st and 2nd set top box, in summer 2019 all Super Pack customers were offered a discount on their subscription for three months (July-September) and the option to maintain the discounted price by signing a 15-month contract. Finally, over the Christmas period, the NovaCinemaHD channels 1-4 and NovaChristmasHD were offered free of charge to Value Pack customers.

CLOUD SERVICES

At a time characterized by significant financial and business challenges, Cyta has solutions that can 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, with no initial outlay and for which they pay a monthly subscription. We have thus 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 require 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 our ISO 27001 certified data centres in Cyprus.

NATIONAL PRIVATE LEASED CIRCUITS

National Private Leased Circuits are among 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

Colocation 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.

SERVER HOSTING IN CYTA'S DATA CENTRES

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

In 2019, Ethernet networking services continued to be one of the main services enabling telecommunications traffic transmission (voice, data and pictures) at speeds of up to 10Gbps within a company. They provide flexible, reliable and secure connections, full monitoring of the performance and availability of the company network, and financially viable disaster recovery and backup solutions to ensure business continuity.

Ethernet networking services are provided via a unified platform, enabling companies to combine a broad range of telephony, Internet and networking services to cover their business needs. As a common infrastructure, they use Cyta's Ethernet/IP 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 physical infrastructure guarantees the most efficient operation of end-to-end protection mechanisms and, by extension, the reliability of the services we provide.

MANAGED SOLUTIONS

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

We offer affordable solutions 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.

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

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 2019 we continued to examine our activities in the vertical growth areas of e-Health and e-Government, bearing in mind that these offer the prospects of accessing alternative revenue streams. A strategy for every growth area has either been – or is in the final stage 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 2019, in accordance with the timetable, we implemented the major part of the Health Insurance Organisation's software project in the context of our collaboration with NCR.

In the context of e-Government, we examined government projects that promote it and, in collaboration with NCR, submitted a tender for the Hospital Information System project.

Furthermore, in collaboration with Logicom, we submitted a bid for the government's Speed Cameras tender. Finally, together with NCR & IBM, we submitted a proposal for the Integrated Taxation System (ITAS).

Innovation and Entrepreneurship Centre

For Cyta, innovation and entrepreneurship represent key pillars for the Organisation's continued growth and development. They are also priorities for its contribution to the establishment of a new growth model for the country.

The long-term goals of Cyta's IEC 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 2019, the main objective of the IEC 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 2019 were the following:

- Organisation of the in-house "Low Cost, High Impact Idea" competition to attract new business ideas, which received more than 500 entries.
- 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 1,500 employees from Cyta and other private companies.
- Presentation of Cyta's Intrapreneurship Programme to companies, organisations and individuals, with the aim of promoting intrapreneurship in Cyprus.

- Presentation of the work of the Innovation and Entrepreneurship Centre 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 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 and the IDEA Centre.
- Participation in international conferences on intrapreneurship and innovation.
- Support to various initiatives and events related to innovation and entrepreneurship Holding a seminar on Intrapreneurship in conjunction with the Microsoft Innovation Center, of which Cyta has been a Strategic Partner since 2015.



CUSTOMER SERVICE

The Cyta Call Centre, mainly on the islandwide number 132 (or +357- 22880100 from abroad) operates 24/7, 365 days a year and deals with thousands of calls, presenting our products and services and offering reliable and timely quality service. The Cyta Call Centre, continuing to offer high quality customer service which has been certified to ISO 18295-1, is constantly improving both the quality and type of service it provides. Based on the very latest technology, it provides flexible and multi-faceted assistance to the public via a unified system of telephony, online communications (e-mail, chat & fax), social media (Facebook www.facebook.com/cytaofficial)

& Twitter @Cytasupport) and selfCare apps. By bringing together all the communication channels offered by the Cyta Call Centre, we guarantee continuity in communication with customers, irrespective of which channels they use, even if they change them. 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.

Like the Cyta Call Centre on 132, the Business Call Centre on 150 operates to a work schedule that serves the needs of the business community. Our highly trained staff support the Business Market and thus give Cyta a corresponding competitive advantage. This important customer segment now has a well-organised support centre, which can provide information and resolve any problems it may face.

Customer service does not stop with direct communication channels. Our YouTube channel features short videos about our new products with the relevant user instructions.

systems, introduced new 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 of customers switch to new and upgraded communication services and interconnections, offering on-site support and, wherever necessary, preventive/routine maintenance of their network, so as to enable a 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, customer support during the switch to the new upgraded Cytavision experience and the transfer of a significant number of customers to the new Fiber Network.

Residential Customer Service

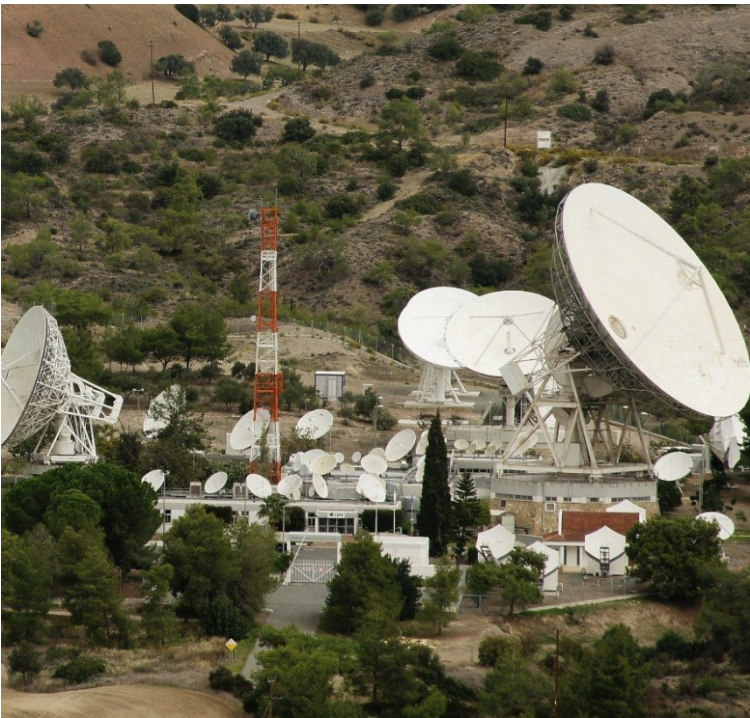
We aspire to make every visit to our stores an enjoyable, special experience. In the design and layout of our Cytashops, we place emphasis on the ease of navigation through the store and on the provision of excellent service. Confirming the great importance that we have always given to service issues, in 2019 we moved the Cytashop inside the Mall of Cyprus to a new, better location. The new Cytashop is located in the new wing of the Mall and has been designed in accordance with the new standards of customer service adopted by the Organisation. At the same time, in December 2019, we opened the fully refurbished Cytashop in Naxou Street, Nicosia. In a modern, comfortable space of international standards, covering an area of 500 sq.m., customers can obtain service across the complete range of Cyta services and products, while enjoying a unique shopping experience. Cytashop customers can satisfy all their telecommunications needs, by examining, trying out and selecting from a broad range of services and products, which is constantly being renewed, including the latest smartphones, tablets and accessories, signing contracts, paying bills and enjoying Cytavision programmes on the big screens.

In 2019, we expanded our sales network with the addition of the chain of Public entertainment stores, thereby reinforcing our presence in all towns. Our sales network is manned by highly trained staff who offer the best possible service for the full range of Cyta products and services. Furthermore, our distributors make soeasy pay as you go products available



In 2019, the further improvement of our customer service continued to be a key pillar of our efforts and goals. In this context, we invested in the further development of our Customer Technical Assistance personnel, giving them greater autonomy and the latest digital management and calibration tools for the technological solutions offered by Cyta, with the aim of improving both quality and response time. We remained focused on improving our practices regarding the provision of quality service, we upgraded our IT

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

The National Wholesale Market Portfolio includes Interconnection, Mobile, Broadband, Telephony and Leasing products and services, as described below:

Interconnection and Mobile Communications:

- Interconnection enables national providers to connect their networks to Cyta's fixed and mobile networks.
- Wholesale Leased Lines and Wholesale Ethernet Products are leased to wholesale customers, enabling them to interconnect nodes on their networks or their customers' networks with their own networks.
- National Roaming allows wholesale customers to offer their customers the use of Cyta's mobile network in areas not covered by their own mobile network.
- Access to Cyta's Mobile Network enables wholesale customers to provide mobile telephony services to their subscribers as Mobile Virtual Network Operators (MVNOs) via Cyta's mobile network.

Broadband and Telephony Products:

- Wholesale Broadband Access products enable wholesale customers to offer broadband services to their customers via Cyta's broadband networks (copper and fiber).
- Local loop Unbundling products let wholesale customers lease Cyta's copper access network to provide broadband and voice services to their subscribers.
- Number Portability allows customers to keep their telephone number when they change provider.
- Access to the Cyprus Telephone Directory Database is given to wholesale customers providing Directory Enquiries services.

Infrastructure Leasing Services:

- Building Colocation services allow wholesale customers to lease space on Cyta's premises for the installation of their equipment.
- Duct Colocation services allow wholesale customers to lease space in Cyta's ducting and other infrastructure for the installation of their cables.
- Mast and Pylon Colocation services allow wholesale customers to lease space on pylons and other Cyta infrastructure for the installation of their mast and base station equipment.

In 2019, the National Wholesale Market signed significant long-term contracts with major national licensed providers of telecommunications services for the provision of National Roaming and Wholesale Broadband Access services, thus increasing the use of Cyta's Mobile Communications and Broadband Networks (copper and fiber) respectively.

The goal of the National Wholesale Market is to achieve constantly higher levels of satisfaction on the part of its wholesale customers and to improve the level of cooperation with them. For this reason, it continues to enhance the portfolio of wholesale products and services and to raise their standards of service.

INTERNATIONAL WHOLESALE MARKET PORTFOLIOS

International Cable Products

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 cable landing stations to the equipment colocation premises of local providers. We also provide international media recovery services and advisory services pertaining to undersea cable systems management.

International Satellite Products

We provide satellite services to international markets, 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 International Ethernet-over-MPLS (EoMPLS). 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 2Mb/s to 100Gb/s 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 through 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

We offer international telephony products 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 50 telecommunications organisations worldwide, guaranteeing competitive terminal charges and

top-quality alternative routing. With automated processes and specialist software, we achieve the necessary multiple routing to international soft switch exchanges with the aim of offering excellent quality international telephony at 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.



We also provide International Wholesale 2G, 3G and 4G Roaming to more than 470 mobile telephony networks, enabling visitors to Cyprus to use their mobile devices on the Cytamobile-Vodafone network 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.

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. At the same time, the process of compliance with the new EU Regulation 2017/373, which will replace the previous Regulation on 2/1/2020.

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, work began on upgrading the Air Traffic Management system at the Nicosia Area Control Centre. At the same time, we completed the installation and testing 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

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, 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 other subsidiaries support the goal of creating international strategic partnerships to maximise the Organisation's value.



CYTA UK LTD

Cyta UK Ltd was established in the United Kingdom on February 15, 2000. The company has its own high-tech telecommunications node, based on the MPLS protocol, using media gateway and new generation SDH equipment, and housed on the premises of Equinix 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 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.

Until October 2019, the company was 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, the company decided to end its involvement in the retail market and focus on managing Cyta's telecommunications node in London. In this context, an agreement was signed in 2019 between Cyta, Cyta UK and Hellenic TV, by which Hellenic TV took over the full management and support of Cyta UK's client base, covering the whole range of services - fixed and mobile telephony, broadband Internet and subscriber TV.



CYTACOM SOLUTIONS LTD

In 2019, 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).
- Online 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 promotion of its corporate image, the strengthening of both its corporate culture and the dedication of its personnel.
- Continuous personnel training in new technology so that the company has a core team of top engineers with which to serve Cyta and its other customers.
- To support and complement Cyta's new products in the area of Managed Solutions and Convergence Services.

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 2019, 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.



CYTAGLOBAL HELLAS AE

Cytaglobal Hellas AE, which was established in Athens on November 5, 2003, 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, which was established on April 16, 1999, provides satellite turnaround of radio and television programmes to the international market from Cyta's Teleports.



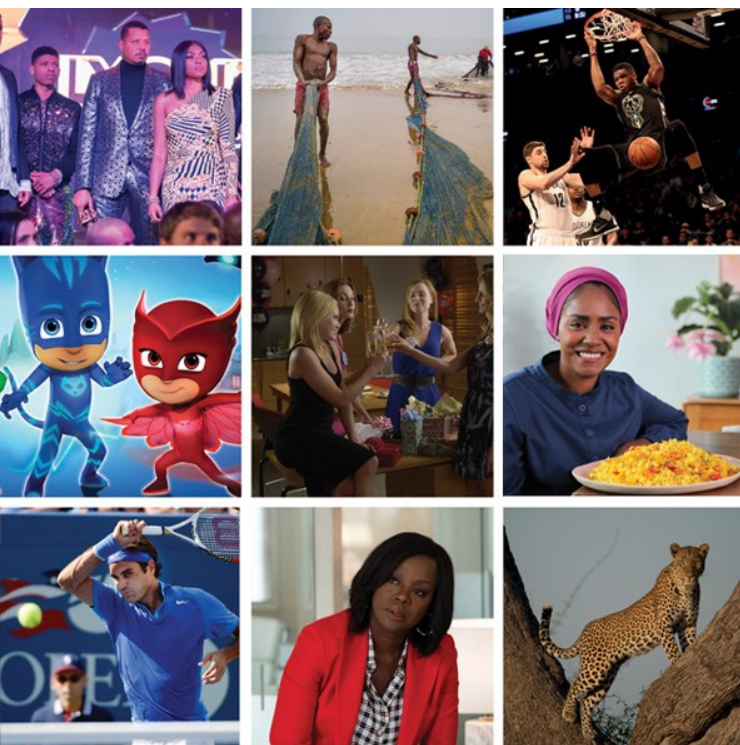
NETWORK

Network

SERVICE PROVISION PLATFORMS

Aspiring to the continuous improvement of the customer experience regarding Cytavision, we proceeded to implement the ambitious project for the service's technological upgrade. In 2019, all Cytavision customers were smoothly transferred to the new platform. Cytavision's rich content is now available 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 2019, we also introduced the first 4K Ultra High Definition (UHD) channel.



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 2019 we continued to expand the DWDM/OTN (Dense Wavelength Division Multiplexing/Optical Transport Network), which is the backbone of Cyta's networks, providing them with

superfast connections (up to 100Gbps) and, at the same time, serving major corporate customers.

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 WDM 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 2019, 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 international 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 2019, new agreements were signed to expand services at Cyta's Teleports for companies specialising in the provision of fast Internet and TV turnaround services. Transmission and receiving of significant sporting events and other TV content to and from anywhere in the world continued via satellites and fiber optic cables, making use of the Makarios Teleport's interconnection with providers' global networks.

Cyta's teleports have all obtained quality recertification from the World Teleport Association at the highest Tier-4 level. The teleports are now part of Eutelsat's network of "Preferred Teleports".

B. Cable Systems/Services

Cyprus is connected with the outside world through seven undersea cable systems (UCS) that come ashore at two cable landing stations (Pentaschinos 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 2019, work began on the Arsinoe/Peace UCS, offering an alternative high-capacity channel to Europe (France) and Africa (Egypt).

The Alexandros system linking Cyprus with France and Egypt was also upgraded. The terminal equipment for the Pentaschinos-Marseilles connection was expanded with Infinera equipment, thereby increasing capacity to Marseilles by 1.2Tbs.

IP Core Networks

In 2019, 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 residential and business customers for broadband services, and those of other Cyta networks and services, such as FTTH, Connected TV and, later, 5G. In 2019 via this network, we operated the first pilot 5G network.

We continued to upgrade 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 primary goal is to enable our customers to enjoy the very best quality services.

NETWORK AND SERVICES SECURITY AND OPERATIONS

Networks and Services Management

In the framework of improving Cyta's Network and Service operations, in 2019 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 for 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. 2019 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, 2019 was a year of growth in our area of activity. We implemented 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. In 2019, we brought into operation the Cybersecurity Management Centre, which monitors Cyta's networks and services and deals with security issues 24/7. We also emphasised the importance of personnel training, especially of Security Analysts working with cybersecurity-related systems and processes.

FIXED AND MOBILE COMMUNICATIONS NETWORKS

Fixed Communications Networks

In 2019, we expanded the capacity, improved the availability and upgraded part of the VoIP Fixed Communications network (IMS). We also introduced the option of HD Voice for calls on the VoIP network and to mobile phones as well as to international destinations. Additionally, we implemented the SIP interconnection between the Fixed and Mobile Communications Networks and began work on the project to transform the IMS Network with the aim of implementing a virtual environment for Cloud/NFV applications.



In 2019, we also continued the Fixed Telephony transformation project, transferring a significant number of traditional PSTN/ISDN connections to the new broadband telephony based on the IMS network. We also completed the project to upgrade the SBC system required for an IP/SIP connection between the Fixed Communications network and other international networks, with international and local providers. At the same time, we upgraded the networking software serving the SSW network.

Mobile Communications Core Network

In 2019, we unified the mobile telephony systems and the IMS (IP Multimedia Core Network Subsystem) fixed communication systems databases through the introduction of the UDC (User Data Consolidation) platform. The first substantial step was thus taken towards the convergence of mobile and fixed services. At the same time, in 2019 we

began using SIP signalling between the mobile communications core network and fixed communications core network.

We increased the capacity of the EPC (Evolved Packet Core), implemented and parameterised Mobile Internet TCP optimisation and upgraded the IPWorks support platform. The commercial launch of the FREEDOM plans also took place.

In 2019, we completed the upgrade to the soeasy pay as you go service, which is now in a position to host mobile telephony subscribers and charge for services in real time.

We also upgraded all the support systems to be capable of supporting the latest technologies that are due to be introduced over the next few years. The Roaming Care System (RCS) was replaced, as was the smartcard service of the USSD (Unstructured Supplementary Service Data) Gateway.

Wireless Access Network

In 2019, we completed the installation and operation of the pilot 5G network and carried out the first-ever 5G call using holograms in Cyprus, claiming a global first for the quality of the high-resolution and brightness of the picture.

We continued to develop the 4G network, utilising the 2100MHz frequency band and increasing the average access speed throughout Cyprus.

We completed the second 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 third consecutive year, recognised Cyta's mobile network as the fastest in Cyprus.

In the framework of the EU's WiFi4EU programme, we offered connections at speeds in excess of 30Mbps to 10 municipalities and communities in Cyprus via the Managed Wi-Fi service.

Wired Access Network

In 2019, we continued to develop and upgrade the Broadband Access Network using Asymmetric Digital Subscriber Line (xDSL - ADSL2+/VDSL2) technology. By 31/12/2019, we had 228,358 customers, of whom 158,986 were connected with

VDSL2 technology and 4,370 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 implementing 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, in 2019, some 459 RDSLAMs were replaced with those supporting Vectoring technology, covering 91,198 customers, and 153 RDSLAMs were replaced with those supporting Bonding technology.

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 2019, the number of premises capable of connecting via FTTH will be 60,000.

Following the upgrade to our network, the total coverage and speeds obtained through Bonding/Vectoring/FTTH technologies are as follows:

- **99% coverage at a speed of at least 10Mbps**
- **93.4% coverage at a speed of at least 30Mbps**
- **43.6% coverage at a speed of at least 100Mbps**

INTERNATIONAL CABLE AND SATELLITE NETWORK

The eleven international undersea fibre optic cable systems and subsystems landing at Cyta's cable stations are 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 2019, agreements were signed for participation in new regional cable systems, with the aim of strengthening connections between Asia, Europe and Africa and the robustness and reliability of international networks in the Mediterranean. The new systems under construction 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 three Teleports with more than 45 antennas, providing access to the satellite systems of Eutelsat, Arabsat, Avanti, Telenor, AsiaSat, APT and Thuraya.

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 provide 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 to the retail and wholesale telecommunications markets.



FINANCIAL REPORT

Financial Report 2019

SUMMARY OF RESULTS

From a financial standpoint, 2019 was a very successful year for Cyta, with net profit the highest for eight years, amounting to €61.1 million compared to €60.6 million in 2018. Operating revenue amounted to €352.5 million (2018: €343.6 million), representing an increase of approximately 2.6% and a reversal of the negative trend recorded in the previous seven years.

At the same time, as a result of actions being taken continuously in the context of optimal cost management, costs were successfully maintained at 2018 levels. As a consequence, gross profit amounted to €72 million, an increase of €8.3 million or 13% over the 2018 figure, in contrast with a 14.6% decrease recorded in the previous year.

The reversal of the negative trend in revenues was the excellent result of the Organisation's efforts to protect its traditional sources of income, while at the same time identifying alternative revenue streams through the commercialization of new technologies, an indication of Cyta's dynamic presence in the fiercely competitive environment in which it operates.

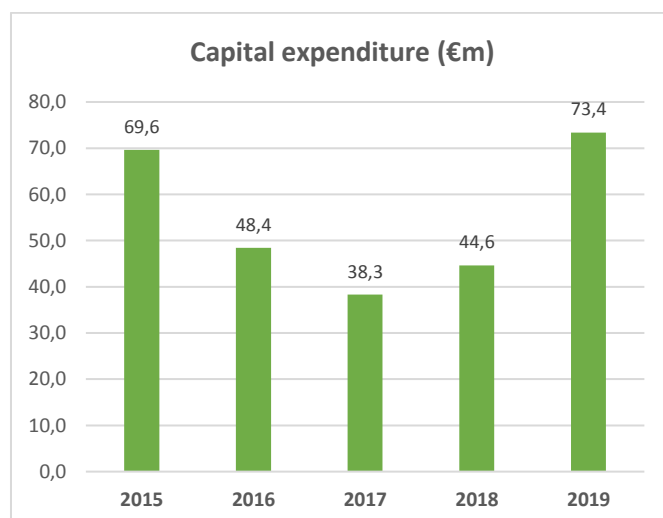
As a result of the above, an EBITDA margin of 33.2% was achieved in 2019 (2018: 31.9%), which compares favourably with that of other telecommunications organisations globally.

Net profit for the year amounted to €61.1 million (2018: €60.6 million). Thanks to its consistently robust financial position, Cyta was able to fund capital expenditure of €73.4 million from its own equity, to pay a dividend of €43 million to the State (for 2017 and 2018), to make an additional repayment of €25 million into the Pension Fund, to have no loan obligations (apart from those related to the Pension Fund) and to have cash reserves of as of 31 December 2019.

Five-year Financial Summary (€m)					
	2015	2016	2017	2018	2019
Operating Revenue	372	362	351	344	352
<i>% change</i>		-2,7%	-3,0%	-2,2%	+2,6%
Gross Profit	88	85	75	64	72
<i>% change</i>		-3,2%	-11,9%	-14,6%	+13,0%
EBITDA	130,5	125,1	118,3	109,7	117,2
<i>EBITDA margin %</i>	35,1%	34,5%	33,7%	31,9%	33,2%

CAPITAL EXPENDITURE

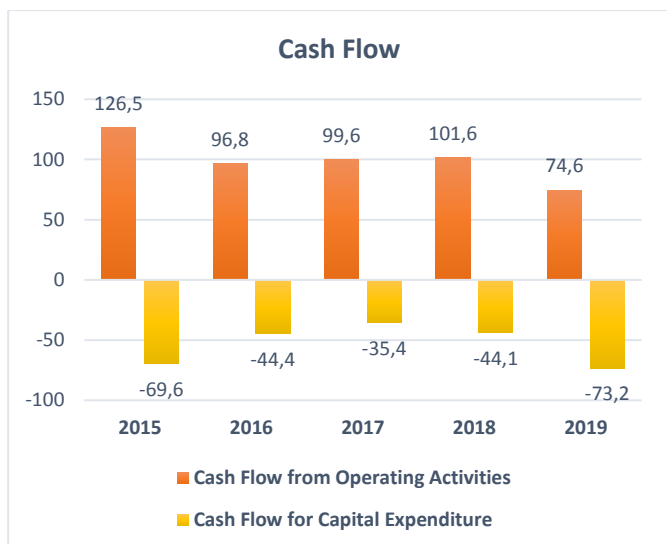
Capital expenditure of €73.4 million represents a considerable increase on the 2018 figure of €44.6 million, since it includes significant investments required for the implementation of various strategic projects in the context of the Organisation's business plan, including an overall upgrade and modernization of its networks, the introduction of new technologies for the provision of innovative services and the further development of its international cable systems, which strengthen the role of Cyprus and Cyta as a telecommunications hub in the broader Eastern Mediterranean region. This huge investment programme continues to be wholly funded by Cyta's own equity.



CASH AND CASH EQUIVALENTS

Total cash deposits in banks, Government bonds, Eurobonds and Treasury Bills and bank shares amounted to €411.7 million (2018: €459.3 million).

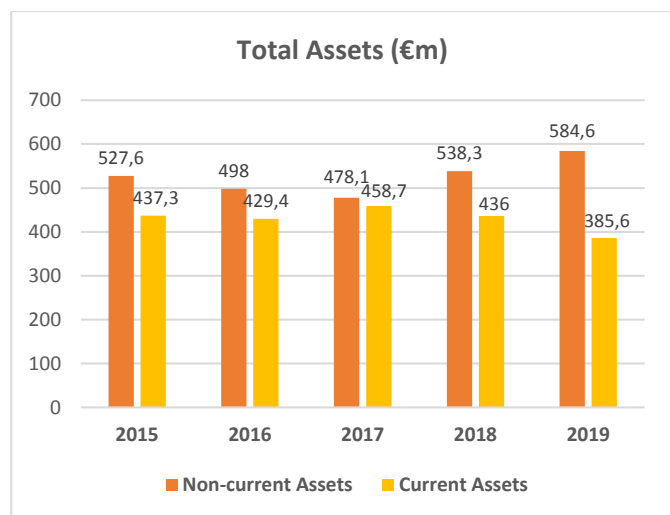
Cash flow during the year strengthened the Organisation's already significant cash reserves, enabling the full funding of Cyta's development programme from its own equity and an additional repayment in the context of its obligations to the Pension Fund.



ASSETS

Total non-current assets amounted to €584.6 million (2018: €538.3 million). The increase is mainly due to the increased capital expenditure required for the implementation of the Organisation's strategic projects.

Total current assets amounted to €385.6 million (2018: €436 million). The reduction is mainly due to the dividend of €43 million paid to the State (for 2017 and 2018) and the additional repayment of €25 million into the Pension Fund.



RESERVES AND DIVIDENDS

The reserves that constitute the Organisation's equity amounted to €446 million as at 31 December 2019 (2018: €642.6 million). The reduction is mainly due to an increase in the actuarial deficit of Cyta's Pension Fund of €209.8 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 2019. The reserves were strengthened by the year's profit of €61.1 million but reduced by the payment of a dividend of €43 million to the State (for 2017 and 2018).

The accumulated dividend paid to the State over the years now amounts to €818.4 million.

Five-Year Financial Summary (€m)					
	2015	2016	2017	2018	2019
Total Assets	965	927	937	974	970
Total Liabilities	279	385	392	332	524
Increase/Decrease in Reserves due to actuarial position of the Pension Fund	20	-134	-12	43	-210
Reserves	686	543	545	643	446
Cash Flow from Operating Activities	127	97	100	102	75
Net Cash Flow for investment activities	-105	-17	-71	-59	-58
Dividend paid to the State	-63	-39	-26	-29	-14
Current Liquidity Ratio (times)	5,5	6,7	6,2	5,7	4,5

Offices and Cyta shops

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

Lefkosia

11, M Paridi & Chilonos Corner, P.O.Box 24755, CY-1303

Lefkosia

Tel.: 22702020

Cyta shops

- 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

Lemesos

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

Tel.: 25705050

Cyta shops

- 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

Cyta shops

- 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

Cyta shops

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

Ammochostos

Edison Street*

Tel.: 23862500

Temporarily

124, Eleftherias Avenue, Deryneia, P.O.Box 33355, CY-5313 Paralimni

Tel.: 23703030

Cyta shop

Main - 124 Eleftherias Avenue, Deryneia

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.