

VIVA MTS



2020

ANNUAL REPORT

www.mts.am



LEGAL WARNING

confirm expectations, estimates, or to update any forward-looking statements or projections in order to reflect events or circumstances that occur or arise upon the date of this report.

This Annual Report has been prepared by “MTS Armenia” CJSC (the “Company”) for informational purposes only and may contain statements based on forecast data or the forecasts themselves. Such statements or forecasts relate to matters that do not present historical facts or statements and reflect the intentions of the Company, its beliefs or current expectations regarding, among others, the results of operations, financial condition, liquidity, efficiency, prospects, growth rates, strategies of the Company and the industry in which it operates. The nature of the forward-looking statements and projections is such that they contain risk and uncertainty as they relate to events and depend on circumstances that may or may not arise in the future. The Company warns that the forward-looking statements and projections are not a guarantee of future results, that the actual results of operation, financial condition and liquidity of the Company, as well as changes in the industry in which the Company operates, may differ materially from those declared or assumed in statements based on forward-looking data or projections contained in this report.

The factors that could cause a material difference between actual results and the assumptions made in forward-looking statements or projections may include the general economic conditions prevailing in the markets in which the Company operates, the competitive environment and risks associated with operation in such markets, market changes in the industry and related industries, as well as other risks affecting the Company and its activities. Moreover, even if the results of operations, financial condition and liquidity of the Company and changes in the industry in which the Company operates are consistent with the statements based on the forward-looking data or projections presented in this report, such results and changes may not represent results or changes for the further periods. The Company assumes no obligation to revise or

CONTENTS

01	ABOUT COMPANY: HISTORY	
05	HIGHLIGHTS OF THE YEAR	
06	MESSAGE BY GENERAL MANAGER	
08	VIVA-MTS MISSION AND VISION	
08	OUR SHAREHOLDERS	
09	HODS AND THEIR RESPONSIBILITIES	
13	OUR BUSINESS AT A GLANCE	
14	LEADERSHIP IN TELECOMMUNICATIONS	
16	BIG DATA	
16	RETAIL DISTRIBUTION	
17	CUSTOMER SUPPORT	
17	CUSTOMER RELATIONSHIP & SPECIAL SUPPORT	
18	ADVANCEMENT OF CUSTOMER SUPPORT (TOWARDS DIGITALIZATION & OMNI-CHANNEL)	
18	CHALLENGES AND OPPORTUNITIES IN THE PERIOD OF COVID-19	
18	E-COMMERCE	
19	MOBILE APPS	
21	KEY EVENTS HAPPENED IN 2020	
23	FINANCIAL STATEMENTS	
30	BUSINESS SOLUTIONS	
32	HUMAN RESOURCES	
36	STAFF DEVELOPMENT	
37	RISK MANAGEMENT/OUR RISKS AND UNCERTAINTIES	
41	SUSTAINABLE DEVELOPMENT AND CORPORATE SOCIAL RESPONSIBILITY	
43	ADDITIONAL INFORMATION	
43	CONTACTS	
43	SOCIAL MEDIA CHANNELS	

ABOUT COMPANY: HISTORY

Viva-MTS ("MTS Armenia" CJSC) ("VivaCell" at founding) obtained a license on implementation of activities in 2004. Launched in 2005 with a small staff under the leadership of the General Manager Ralph Yirikian, the team set a target to provide an extensive mobile network throughout the country as soon as possible and start the provision of services.

The first on-net call of Viva-MTS was made on July 1, 2005, marking the beginning of a new era in Armenia's telecommunications field. The arrival of Viva-MTS in Armenia put an end to the monopoly in the field of mobile communications, and started competition to completely change the situation in the field soon. Thanks to the high quality, affordable tariffs, reliability and extensive network coverage offered by Viva-MTS, GSM services shortly became available to the population of Armenia.

In 2006 Viva-MTS continued to develop not only the network, but also the organizational structure. The Company's long-term targets were based on improving the quality of the opportunities and the services provided to subscribers. Works were carried out in order to expand the mobile network and apply an effective policy for the involvement of human resources. As of January 2006, the Company managed to attract 50% of the market share (over 350,000 subscribers). In September of the same year, the Company's mobile network was available in 90% of the country's populated areas.

In September 2007, after the sale of 80% of the shares, the Company became a subsidiary of one of the largest telecommunications companies in the CIS area – the Russian company

"Mobile TeleSystems" ("MTS"). In parallel with the new strategy, definition of goals, and the formulation of a common corporate mission, a new organizational structure of Viva-MTS started to develop.

In 2007, the Company reported significant progress in the development and growth of its subscriber base: the number of users of Viva-MTS services exceeded 1 million people. In parallel, the number of employees was increasing.

As a result of co-branding carried out in 2008, the Company's brand changed. Viva became Viva-MTS. During this year, the Company also managed to gain a significant market share, exceeding 78%. In April 2009, Viva-MTS announced the commercial launch of its third generation (3G) network. For the first time in Armenia, 3G network was launched in the regions; besides, for the first time, network coverage was provided in the territory of the Yerevan metro.

The upgraded network provided subscribers with the opportunity to use innovative services of Viva-MTS, such as video calls and high-speed mobile Internet.

Viva-MTS' success in the field of mobile communications is conditioned by the following principle: mobile services should be available not to a limited number of people, but to everyone. Thanks to roaming partnerships with foreign operators, Viva-MTS provides its subscribers with the opportunity to keep in touch with their homeland, regardless of their location. Viva-MTS has 529 roaming partners in 192 countries of the world.



> 192
Countries

> 529
Roaming Partners



Viva-MTS launched 4G/LTE network for the first time in Armenia in 2010. This gave the subscribers an opportunity to enjoy much faster Internet speeds and work with higher efficiency. As a responsible corporate citizen, the Company was not solely guided by the principle of return on investment when deciding to install base stations. For Viva-MTS, ensuring a reliable communication infrastructure even in the most remote areas with a small population and insignificant prospects for the consumption of services is a target equally both from social and security points of view.

Upon the day of its foundation, corporate social responsibility (CSR) has remained not only a concept, but also a daily practice for all Viva-MTS employees. Viva-MTS is the first company in Armenia to introduce and apply CSR as a management model and is the first operator to be guided by the international principles of social responsibility ISO 26000.

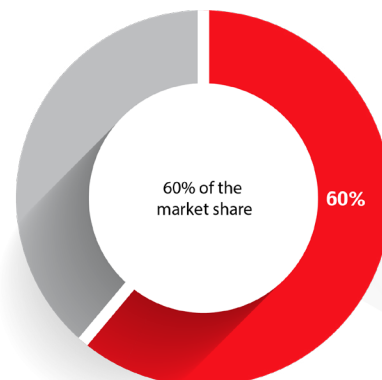
In the course of its activities, within the framework of the CSR strategy, Viva-MTS has allocated over AMD 29 billion for social investments in Armenia for the improvement and sustainable development in the following areas:

- Healthcare;
- Culture;
- Education;
- Sport;
- Environment;
- Drinking and irrigation water pipelines, including in border communities;
- Construction of dwelling buildings in border communities;
- Alternative energy feed heating and lighting systems;
- Volunteering;
- Children with special needs;
- Provision of apartments for 40 homeless families from the disaster zone;

- Promotion of information and communication technologies development, including startups.

Viva-MTS has its own fiber-optical cable network throughout the country, extending from the north of Armenia to the south. The Company imports Internet through its own channels for the needs of the domestic market. In 2012, Viva-MTS strengthened its position in the financial services market, as well. With the release of the MobiDram e-wallet, and in 2016 with the release of the MobiDram mobile application, customers were given the opportunity to make secure payments with only one touch, using smartphones. Today, when buying any device from Viva-MTS online store, the payment may also be made with MobiDram.

Viva-MTS has a way rich of challenges, making its powerful mobile network available to 99.8% of the population. In 2014, the number of Viva-MTS mobile internet subscribers reached 1 million, and the Company owned over 60% of the market share.



Attaching great importance to information security, the Company became the first operator to implement the international standard ISO/IEC 27001:2013 on information security management (in 2015). This standard remains an important part of the Company's management system. In 2017, Viva-MTS entered the B2B fixed-line market. Currently, the Company provides fixed VoIP services, fixed broadband Internet and data transmission, collocation and provision of communication channels. The acquisition by Viva-MTS of the assets of "ADC", a broadband Internet provider with its own fiber-optical network and technological

capacities having a significant subscriber base, was one of the largest transactions in the telecommunications sector in Armenia. As a result, Viva-MTS has significantly expanded its subscriber base, which uses broadband fixed Internet and related services, including legal entities, such as private/corporate sector companies, state and community structures.

The digital transformation of Viva-MTS is in process, as a result of which the Company is taking significant steps aimed at simplifying the daily life of its subscribers. So, in 2017, Viva-MTS released the mobile application “My Viva-MTS”, which is an easy-to-use solution to the needs of subscribers and allows the subscriber to control the balance through a mobile phone, choose tariff plans and services that best meet individual communication needs, activate/deactivate the services used, etc.

Over the years, Viva-MTS has received a number of awards and prizes.

Thanks to the high responsibility shown in the economic and social spheres, Viva-MTS was able to present a CSR report in Armenia for the first time in 2018 in accordance with the standards of the Global Reporting Initiative.

In 2018, the Company strengthened its cloud infrastructure and introduced the cloud infrastructure service #CloudMTS. At the same time, Viva-MTS became the first operator in Armenia to obtain a certificate of compliance with the international standards of anti-corruption and compliance systems, ISO 37001 and ISO 19600.

In 2019, Viva-MTS signed a memorandum of cooperation with the Staff of the Prime Minister of the Republic of Armenia on the introduction of an anti-corruption and internal ethics system. In August 2019, MTS acquired the remaining 20% of Viva-MTS shares. Continuing to expand its digital services, in 2019 Viva-MTS, together with the “Shant TV” company, released the Armenian application of HD channels “MTS TV”, which is a new word in the process of increasing the availability of Armenian content. The application allows you to turn your smartphone into a full-fledged TV and watch a number of Armenian and foreign TV channels and TV series in HD quality in 3G and 4G/4G+ networks coverage of Viva-MTS, as well as via Wi-Fi.

In the beginning of 2020, the leading telecommunications operator in Armenia made stylistic changes to the corporate logo. The updated logo underlines the Company's strategic focus on youth and the digital world – bold and fun. “Viva”, which is the basis and symbol of the Company's identity, and has become much-loved by subscribers for many years, remains unchanged as always.

For the first time in Armenia, Viva-MTS has created tariff plans in different price segments, within which, having active packages, subscribers get unlimited access to a number of applications and instant messengers. This applies to applications that have become an integral part of everyday human communication: “Zoom”, “Skype”, “Twitter”, “Viber”, “WhatsApp”, “Messenger”, “Facebook”, “Telegram”, “Zangi”, “YouTube”, “TikTok”, “Snapchat”, “Netflix”, and “Instagram”. These solutions have been particularly useful for properly organizing distance work and learning as a result of COVID-19 during 2020.

Thus, today Viva-MTS offers to the market much more than just voice and data services, including a number of gaming, entertainment, educational applications, e-wallet, mobile TV, cloud services and useful solutions for effective business and financial management, etc.

The stage of digital transformation that Viva-MTS is currently in, involves the transition from a telecommunications operator to a company offering comprehensive digital services, which corresponds to global trends in the development of the sphere, as well as the growing needs and expectations of the subscribers.

Since 2005, Viva-MTS has paid more than AMD 258 billion taxes to the state. The Company is the largest taxpayer in the telecommunications sector and in general is always among the largest taxpayers.

Viva-MTS today has a wide service center network – 72 service centers in Yerevan and the regions, where MobiDram branches also operate.

The Company currently has about 1,200 employees and over 2 million subscribers.

› taxes to the state
AMD 258 BILLION

› service centers in Yerevan
and the regions
73

› subscribers
2 million

› employees
1200



▶
Read the info
on the web

HIGHLIGHTS OF THE YEAR

The pandemic has demonstrated that the telecommunications industry has become an essential link in maintaining a normal lifestyle in Armenia and worldwide. Remote work, education, and medical industry – they all mostly depend on telecommunication offers, which, due to the conditions of Covid-19, has led to an increase in the consumption of online services starting from March 2020.

Viva-MTS was the first in the industry to revise the provision of services in the “X”, “Y” and “Z” tariff plans from the point of view of social responsibility, and the services for online education and applications that have become an integral part of everyday life, such as “Zoom”, “Skype”, “Telegram”, “Twitter”, “Viber”, “WhatsApp”, “Messenger”, “Facebook”, “Zangi”, “YouTube”, “TikTok”, “Snapchat”, “Netflix” and “Instagram” were provided with unlimited access. Viva-MTS has provided significant social assistance in the field of education.

2020 was a very difficult year for Armenia: by the end of September, full-scale hostilities began, and during this period, Viva-MTS was the first to provide free calls to Artsakh, with the competitors following the lead.

In the second quarter of 2020, Viva-MTS launched a new cloud platform and cloud services such as “IaaS”, “Veeam” back-up and “VPBX”.

In 2020 the number of cloud service users has increased by 500% as compared to 2019.

The fixed Internet connection, available in Yerevan and few active regions, has been upgraded to meet the high demand. The Company managed to increase its upstream capacity fivefold on the border with Georgia in order to meet the growing demand for fixed communication services. Despite the fact that COVID-19 has affected the entire B2B segment,

the Company has managed to increase the number of fixed services subscriptions by 25%. The Company has begun to actively develop new products and services based on cloud infrastructure and virtual space, which are top-requested by corporate clients. Viva-MTS strives to develop and present a full range of services necessary for modern business, not limited to mobile communications and fixed-line communications, but including the range of IT services and platforms required for fast-growing enterprises.

Viva-MTS plans to launch NB-IOT, enter this market and develop a platform for providing services based on NB-IOT. Considering the high demand for SaaS services, Viva-MTS is ready to launch Microsoft Azure Stack for the first time in Armenia.

Despite the pandemic and martial law, in 2020 the Company managed to optimize costs and showed decent results in the main areas of business.



MESSAGE BY RALPH YIRIKIAN

STEPPING INTO FUTURE

INTRODUCTION

2020 was the most challenging time we ever had. Not only COVID-19 brought unprecedented human and humanitarian challenges to all of us, but the war became a real threat to our homeland, families and entire nation. On this matter, we joined our efforts to create a bigger value and continue to overcome the hardships put in front of us.

With adding more innovation to our products and services, we strive to make the daily routine of our subscribers smoother and easier. By upgrading the skills and knowledge of our team, we strengthen our competitive advantage in the market and evolve our marketing strategies.

The hardships are huge, but with the help of more than 1200 open-minded and intelligent employees and more than 2 million subscribers, we come together to conquer the challenges and turn them into new opportunities.

THE PANDEMIC

COVID-19 caused a lot of uncertainties, and we as a company acted swiftly to safeguard our employees and migrate to a new way of working that even the most extreme business continuity plans hadn't envisioned. We used the lessons from this large-scale work-from-home experiment to re-imagine how work is done and what role offices should play in creative and bold ways. And the first thing to do is definitely to reconstruct the work, because during the lockdown, we strived to find more active and productive ways of collaboration and partnerships, and ensured that the most important processes could be carried on remotely.

STEPPING INTO THE “DIGITAL” FUTURE

We are shifting towards “digitalization” and with bold and fierce steps we add digital services to our scope of activities. This means that not only the provision of voice and data services is at the core of the Company's strategy, but also a variety of IT solutions, products and applications. Viva-MTS, which maintains about 60% of the mobile communication market in the face of fierce competition, has a unique model of strategic development.



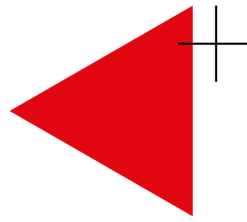
Viva-MTS' important mission has become to support startups that come up with implementation and development of unique innovative ideas. Accordingly, today Viva-MTS offers a number of entertainment services, healthy lifestyle and educational applications, e-wallet, mobile TV, cloud services, and many other useful solutions for effective business and finance management, etc.

REDESIGNING PRODUCTS

The new product line of “X”, “Y” and “Z” tariff plans designed in the 2018 through 2019, is regularly being updated, offering novelty and innovation. Today, we offer unlimited access to the most common digital platforms, like “Zoom”, “Skype”, “Viber”, “WhatsApp”, “Facebook”, “YouTube”, “TikTok”, and many other apps that have become a part of our daily lives.

CORPORATE SOCIAL RESPONSIBILITY

Corporate social responsibility has a special place in Viva-MTS' mission. Over the past 15 years, the Company has made enormous investments in improving various areas of public life. Within the framework of social investment, the Company also uses innovative solutions, particularly, installing modern and cost-effective lighting and heating systems that are powered by alternative energy in regions, including borderland communities.



CORPORATE CULTURE AND INTEGRITY

Viva-MTS possesses a high sense of responsibility and commitment towards its employees. Principles of openness, partnership, and business integrity have been shaping Viva-MTS' code of conduct for a very long time. At the heart of the long-term mutual trust between Viva-MTS and its employees are the faultless business ethics based on strict compliance with legislation, adherence to the best world principles and standards of business conduct. Having an established corporate culture and corporate values, Viva-MTS leads by example and encourages adoption of ethical principles and regulations to become the basis of daily operations and activities.

COMMITMENT TO OUR SUBSCRIBERS

The number of Viva-MTS subscribers exceeds 2 million, and each and every one of them has a huge impact in guiding Viva-MTS to a breakthrough and helping to become an established organization. Loyalty and trust, sympathy and criticism, appreciation and insistence are the key drivers for the Company and Viva-MTS fully commits to the huge base of its subscribers today and tomorrow.

OUR SHAREHOLDERS

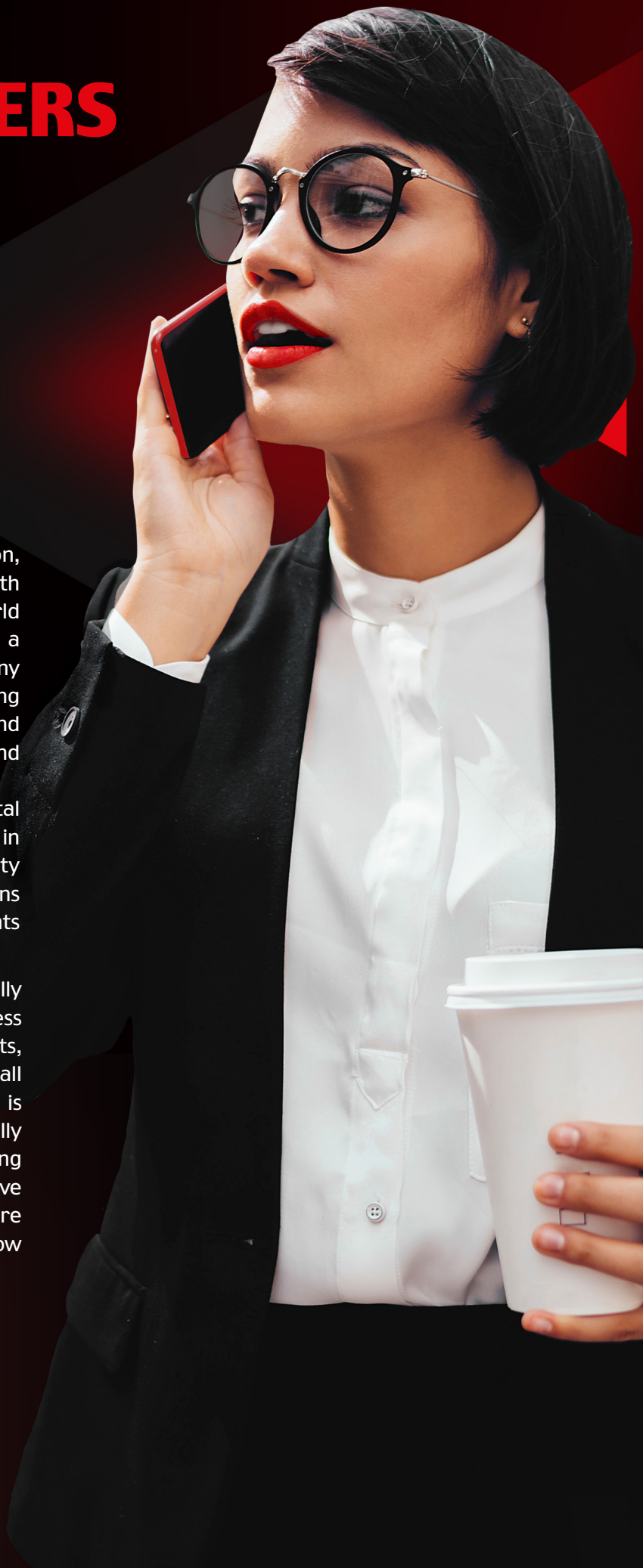
Aramayo Investments Limited

VIVA-MTS MISSION AND VISION

Company mission: Since its inception, Viva-MTS entered the Armenian market with a clearly defined mission: to bring the world to Armenia and Armenia to the world. With a full-scale commitment and drive, the Company continues to believe in this vision in everything it accomplishes, including the development and implementation of new services, features and products.

With the onset of the global digital transformation, Viva-MTS has embarked in streamlining itself as a comprehensive entity increasingly evolving from telecommunications to digital to meet the needs and requirements of its stakeholders, namely its subscribers.

Our Vision: Our Vision is to act in a socially responsible way. We conduct our business attending to our stakeholders' interests, aligning with business ethics and directing all efforts towards sustainable development. It is our ambition to be accepted as a leading socially responsible company in Armenia by addressing the expectations of our Stakeholders. We strive to connect Armenia with the future. We are dedicated to create, lead and open the window towards the future.





HODs AND THEIR RESPONSIBILITIES



**Customer Service
Department Manager:**

ALEXANDER FEDYUNIN

Tenure: 6 years (as of August 2015)

Alexander Fedyunin is responsible for defining and driving the Company sales and customer service strategy and its implementation in all touch points with the subscribers, as well as driving the quality of service of customer care and service centers, directing and controlling development and implementation of Company's commercial strategy to achieve results, ensuring the efficient provision of all activities of the Customer Service Department operations in compliance with the Company's mission, values and strategic objectives.



**Finance and Accounting
Department Manager:**

ARTUR YERMALIONAK

Tenure: 1 year (as of February 2020)

Artur Yermalionak is responsible for ensuring the processes of budget planning and controlling, investment and commercial initiatives analysis, management of accounts receivable, revenue assurance and fraud management, SOX controls, treasury and accounting. He is responsible to enhance the efficiency of processes to guarantee alignment with the Company's strategy.

**Human Resources****Department Manager:****LARA TCHOLAKIAN**

Tenure: 13 years (as of May 2008)

Lara Tcholakian is responsible for the development, implementation and management of the Company's human resource strategic development, organizational development, workforce and organizational efficiency, organizational culture, safeguarding employee and corporate relations and rights, professional development and growth, employee incentives, including performance-related bonuses, benefits, and payroll system management, and other compensations.

**Technical Department Manager:****GRIGOR GRIGORYAN**

Tenure: 2 years (as of May 2019)

Grigor Grigoryan manages and controls the Technical Department overall activities ensuring the efficiency and timeliness of the technical operations. He is responsible for the network development, quality network construction, ensuring its stable and uninterrupted operation, as well as effective exploitation and maintenance of Technical Department systems/platforms and BTSs.

**Finance and Accounting****Department Deputy Manager:****ANETA EPRIKYAN**

Tenure: 1 year (as of April 2020)

Aneta Eprikyan is responsible for the assessment of the strategic projects, coordination of the strategy, business planning, budgeting and investment programs, as well as for the overall administration and control of financial processes to guarantee alignment with the Company's strategy.



**Internal Control and Audit Department
Manager, General Manager of MobiDram:**

KIM AVANESYAN

Tenure: 11 years (as of June 2010)

Kim Avanesyan is responsible for the strategy of quality improvement and improvement of business processes, quality management system, implementation of strategic functions of the Company business management, as well as management of internal controls, risk and fraud assessments, implementation of security information system processes, direct and control development and Company's quality strategy.

As MobiDram General Manager he directs the strategy and manages long-term development plans of MobiDram, controls all the aspects of its business operations to lead MobiDram to the development and organizational growth and achievement of the set goals.



**Information Systems
Department Manager:**

THOMAS MAZEJIAN

Tenure: 11 years (as of August 2010)

Thomas Mazejian is responsible for linking technology with business by aligning the IS Department strategy with the Company's mission, values and strategic objectives, ensuring administration and support of billing and charging systems, proper support for satisfying users' requirements in the Company. He is also responsible for shaping Viva-MTS' role in digital technologies.



**Marketing and Communication
Department Manager:**

DAVIT GEVORGYAN

Tenure: 4 years (as of August 2017)

Davit Gevorgyan is responsible for developing and implementing the Company's marketing and communication strategy, as well as for ensuring the efficient provision of all activities of the Marketing and Communication Department operations such as Products Development, Business Solutions, PR, CSR, etc. in compliance with the Company's mission, values, strategic objectives and policies.



**Corporate Functions Audit Unit Manager/
Compliance Manager:**

INNA MNATSAKANYAN

Tenure: 6 years (as of May 2015)

Inna Mnatsakanyan is responsible for corporate functions audit, business processes management, as well as implementation and monitoring of the compliance management system in the Company. She is also responsible for improvement of the Quality Management System of the Company, relevant ISO Standards Certification as well as adopted ISO Standards related audits within the Company.



**Corporate Governance and
Legal Department Manager:**

ARMINE SARGSYAN

Tenure: 5 years (as of August 2016)

Armine Sargsyan is responsible for ensuring legal support and legal protection of the Company's business, managing regulatory risks and Corporate Governance issues, as well as prevention and termination of potential legal risks, endangering the Company's business development, as well as ensuring the due organization of contractual work of the Company. These also include the protection of both the legal and the material rights and interests of the Company.



Security Unit Manager:

ASHOT AVETISYAN

Tenure: 5 years (as of September 2016)

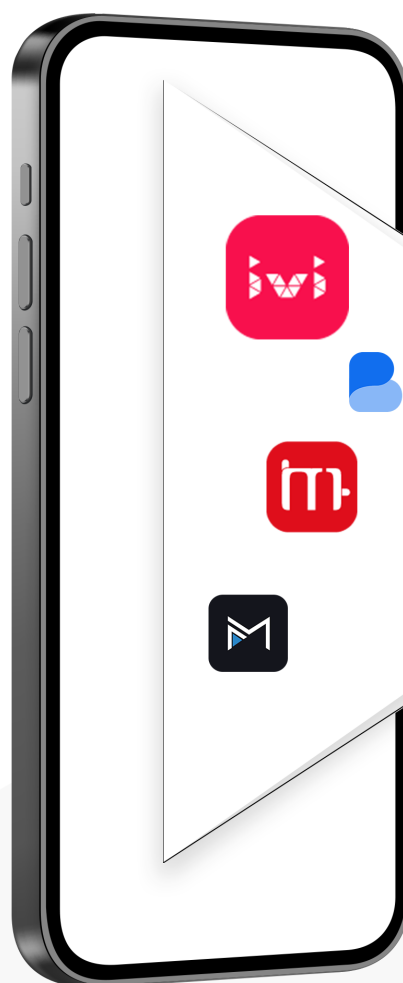
Ashot Avetisyan is responsible for the planning, coordination and supervision of the Company's security functions, organizing and ensuring that suitable security procedures are in place and operate effectively. He is responsible for the risk assessment and provides recommendations to mitigate the identified risks.

OUR BUSINESS AT A GLANCE

MISSION AND STRATEGY FOR FURTHER DEVELOPMENT

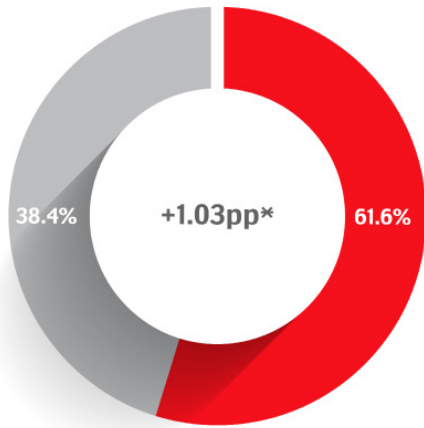
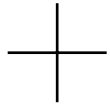
Determining the right business development strategy is one of the main components of its success. We will continue to gain momentum and keep our leadership in the Armenian telecom market, also we will continue to work on our modern network infrastructure and coverage to deliver a high-quality service that allows individuals and businesses to connect confidently anywhere and at any time.

Our strategy focuses on simplifying our offers and accelerating our digital transformation for a better customer experience. As digital solutions market leader, Viva-MTS will introduce new technologies that will allow launching innovative products and services in the future.



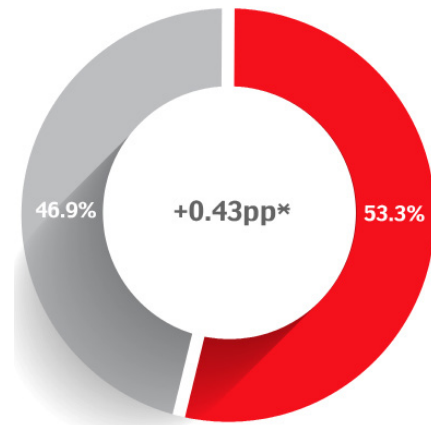
LEADERSHIP IN TELECOMMUNICATIONS

Revenues Market Share W/O Retail Bussines



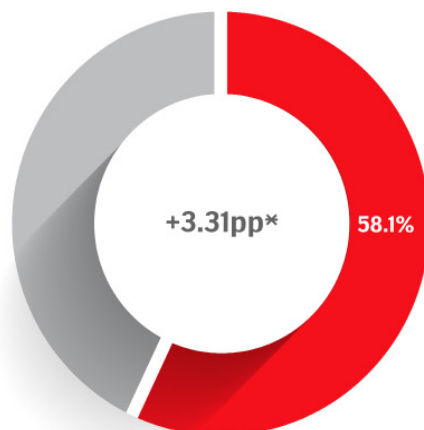
2020 has become a test of our ability to adapt and respond to changes in the external environment, unprecedented in the past years, and Viva-MTS has confidently coped with this challenge. We managed to take advantage of the growing demand for mass-market telecommunications and digital services, which enabled us to raise and achieve the target levels of Market share in terms of revenue and subscriber base. Viva-MTS Revenues Market Share without Retail Business has been improved by 1.03pp compared to 2019, and Subscribers Market share by 3.31pp.

Gross Additions Market Share



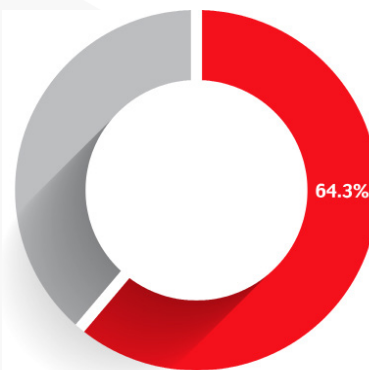
Another indicator of leadership is gross addition and Viva-MTS has a 0.43pp improvement in Gross additions market share compared to 2019. Covid-19 demonstrated that the telecommunications industry is essential to maintain a usual lifestyle around the world and in Armenia in particular. Remote work, education, medicine – largely depend on the telecommunication industry. Most of our subscribers were buying and using our “X”, “Y”, “Z” tariff line for education, online meetings and for everyday communication during lockdown via applications that have become an integral part of everyday life, such as “Zoom”, “Skype”, “Telegram”, “Viber”, “WhatsApp”, “Messenger”, “Facebook”, and “Instagram”. Our “X” tariff plan users were watching “YouTube” videos and “Netflix” movies online.

3M Subscriber Market Share

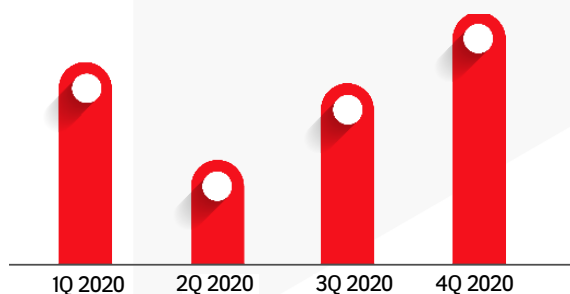


*compared to 2019

3M Data Subscriber Market Share



Data Revenues, AMD



As a Mobile data leader in the market with 63.4% market share of 3M data subscribers, Viva-MTS is the first introducer of innovative V&D (voice & data) tariff plans with unlimited usage of most used applications. Viva-MTS took the next step in 2020 by moving away from 1MB data pay-as-you-go charges, and all our V&D tariff plans subscribers have worry-free internet usage experience.

The Company went even further and presented a new line of “+” services with +3GB/10GB data passed with affordable prices for even more comfortable data usage experience.

Due to the pandemic situation and the ensuing lockdown, we also faced increased demand for content services usage and mobile/online payments. The increased demand for content was met by diverse applications such as “Apps Club” and “Kids Club” (games and entertainment), “Fitness Club” (sport), “#LikeU” (dating), “IVI” online cinema, “Fantasy League: (Football games), “E-Teacher” (English course), etc. Via “MobiDram” payment application, subscribers were offered the opportunity to perform diverse online payments.

Although internet-based messengers have very high penetration in Armenia, traditional SMS seems to be more reliable for Armenian businesses. Bulk SMS services provided to the business segment are very popular, and we are currently working on a new interface to make the provision of services more efficient and customer-friendly.

BIG DATA

Big Data is one of the technological foundations for most of Viva-MTS products, solutions, and services. The key objective of this area is to provide a more efficient development of the main product verticals.

With the help of big data analytics, Viva-MTS makes offers that are more effective for its customers, which increases the competitiveness of products in the development and elaboration of the Company's services.

Viva-MTS utilizes Big Data analytics to efficiently plan the development of telecommunications infrastructure. Analysis of the dynamics of subscribers' movement and identification of mass congestion points allow preventing overloads and assessing the need to install additional equipment. With the help of Big Data, Viva-MTS also analyzes pedestrian traffic in retail stores and forms a strategy for retail network development.

Viva-MTS data analytics has a clear ambition to strengthen our differentiation and lead the industry in capturing the benefits of digital. As a result, we are systematically digitizing our operating model and improving our customer service experience based on data analytics.

In 2020, we continued to strengthen our horizontal business lines, which are responsible for the development of big data analytics as the basis for a deeply personalized approach. One of the most practical use cases for Big Data is the "Recharge+" service, presented by Viva-MTS in 2020 during the COVID-19 lockdown. The service allows our subscribers to use telecommunications services upon need and pay later, when they will be able to recharge their mobile account.

RETAIL DISTRIBUTION

73 own shops + partner's chain of POS

Own shops network is the main customer service channel for Viva-MTS. For 2020 the quantity was 73.

With COVID's quarantine limitations Viva-MTS did increase the distribution of special SIM-cards via partner's chains: Alpha Pharm – 42 POS

Press Stand – 330 POS

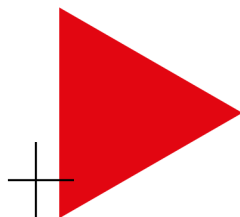
That allowed us to increase availability and easy access for new subscribers to our network. At the same time, the share of sales through this channel is very low, just for some urgent situations (less than 2% of the total volume).

In 2020 we have closed 3 non-efficient shops based on analytic data of customer flow and other related data, opened 1 new shop in Yerevan (in Sebastia district) and relocated from our old kiosk in Noyemberyan to a new modern area.

Distribution of special SIM-cards via partner's chains:

» Alpha Pharm
42 POS

» Press Stand
330 POS



SERVICE CENTERS – CUSTOMER SERVICE AND RETAIL NETWORK

Service Centers are the main stream of direct customer service and customers retention of Viva-MTS. We provide high-quality customer service in the territory of RA, perform communication technology sales and mobile devices sales, offering customers most actual products and services.

In total, 73 service centers fully equipped with digital tools operate in the Republic of Armenia, which geographically cover the entire territory. There are 52 Service Centers in 10 Regions of RA and 21 Service centers in Yerevan.

In 2020, more than 4,2 mln. customers' entry to our Service Centers was fixed.

CUSTOMER SUPPORT

The most classic direction of the Customer Support of Viva-MTS is the Contact Center (Basic Support & Commercial Support) which operates in the 24/7/365 mode providing high-quality customer service via the Contact Center's hotline and serving subscribers of the mobile business and customers in general, providing both generic Basic Support and different kinds of Commercial Support services. The subscribers of Viva-MTS can reach out our Contact Center from Viva-MTS phone numbers by dialing 111 (free of charge); callers from other networks of Armenia by dialing +37493297111 (charges are based on their operators charging). When in roaming, Viva-MTS subscribers can contact the hotline by dialing 111 (free of charge) from MTS Russia network and by dialing +37493297111 (free of charge) from other networks. Contact Center consists of both the IVR (Interactive Voice Response) system for customers' automated voice-based self-service and connection to operators to be served by specialists. In 2020, the generic statistics related to Contact Center is the following:

- more than 5,000,000 customer calls served purely in IVR system via automated self-service,
- more than 2,200,000 customer calls served by agents and specialists of Contact Center.

DIGITAL SUPPORT

Digital Support is an important and dynamically advancing direction of the holistic Customer Support of Viva-MTS, which provides the high quality of customer services on electronic inquiries of the customers received through different electronic channels and served in those channels, accordingly:

- customers' e-mails received via 111@mts.am e-mail address,
- online chat via "111 Online" and "Internet Assistant",
- social media accounts of Viva-MTS and their messengers.

In 2020, more than 100,000 customers' electronic inquiries were served by the Digital Support.

CUSTOMER RELATIONSHIP & SPECIAL SUPPORT

Another important direction of the holistic Customer Support of Viva-MTS is the generic Customer Relationship and its Retention and Special Support functions.

Retention supports to advance the level and proficiency of the Customer Support via the gained expertise, analysis, cross-functional collaboration by permanently enhancing knowledge curve of the Customer Support Front line for getting better customer experience, quality and also by supporting to enhance the services/products.

Special Support implements the handling of more complex customer inquiries and complaints submitted in written form.

In 2020, more than 1,300 such written requests were handled by the Special Support.



ADVANCEMENT OF CUSTOMER SUPPORT (TOWARDS DIGITALIZATION & OMNI-CHANNEL)

Projects and Initiatives

Several important Projects and Initiatives of the Customer Support of Viva-MTS implemented in 2020 were towards the systems advancements and corresponding post-projects functional and operational advancements, intended to achieve the following goals:

- In the short and middle terms advancing the systems and processes of digitalization (both internal and external) of the front line by shifting to and operating the Multi-Channel Customer Support.
- In the middle and long terms to implement the sequential shift from the Multi-Channel into the Omni-Channel Customer Support for advancing a far superior/a higher level of the unified Customer Experience via the integrations of all offline and online/digital channels.
- By permanently increasing the level and quality of the Customer Support and Experience in all terms (from the short to long terms) by using and aligning all the capabilities effectively.

CHALLENGES AND OPPORTUNITIES IN THE PERIOD OF COVID-19

For the Customer Support, the major challenges of 2020 were the following:

- The urgent shift from full-fledged office work into a full remote mode in conditions of the lockdown (COVID-19), technically complex systems and lack of time for the planning and implementation.
- During the full lockdown period the Customer Support and E-Commerce became the only available customer interaction touch points until the reopening of the Service Centers.

For the Customer Support, the major opportunities of 2020 were the following:

- Gaining both the technically complex and operationally diversified expertise both for the urgent shift to the full remote mode (implementation in 1 month) and in standard operations.
- Gaining experience for handling unusual loads.
- More popularization and demand for digital and self-care solutions and digit support channels on the customers' end.
- Implementation of technically complex Projects and Initiatives in new global and domestic conditions.

E-COMMERCE

E-Commerce is a relatively young and advancing direction in Viva-MTS. E-Shop (<https://shop.mts.am>) is the hybrid of the online retail and customer support/service (via 24/7/365 support through +37493298700 special hotline number) for achieving customers higher levels of satisfaction, better experience and covering customers' online retail purchases needs.

Due to the COVID-19 conditions, in the existing classic online retail sales part of E-Shop (for purchase of the mobile handsets, accessories, etc.) the pure Telecom block was added for covering the customers' needs for online ordering of the MNP with the domestic delivery. Currently, customers have various options of online payments for the purchases both via domestic and international bank cards and "MobiDram" payment system (including e-wallet) of Viva-MTS.

E-Commerce share in the Total Retail revenue of Viva-MTS increased significantly in 2020 compared to 2019, reaching 6%.

The advancement process of E-Commerce is dynamic and multi-dimensional in Viva-MTS.



MOBILE APPS

MY VIVA-MTS

“My Viva-MTS” mobile application offers convenient self-care solutions to “My Viva-MTS” subscribers, such as:

- Account balance control;
- Selection of tariff plans and services, best fitting subscriber needs;
- Activation/deactivation of services;
- Control over Internet, airtime, and SMS packages’ usage;
- Payments for services via bank card or other means;
- Location of the nearest service centers;
- Contact to the Hotline;
- Exchange of bonus points to gifts, etc.

MOBIDRAM

“MobiDram” payment system is a mobile and online financial solution in the Armenian market that gives opportunity to:

- make easy and fast money transfers anywhere, anytime;
 - perform a variety of instant online payments.
- MobiDram also offers performing payments via branches and terminals.

IVI

“IVI” is an online cinema offering exclusive content, catalogues by “Disney”, “Marvel”, “Warner”, “Paramount” and other production companies. Viva-MTS subscribers have the opportunity to apply for a daily or monthly subscription.

FITNESS CLUB

“Fitness Club” is a fully functional fitness and healthy lifestyle application for a variety of activities, such as:

- Sport and body health;
- Healthy eating;
- Emotional and mental health;
- Brain training and development.

Viva-MTS subscribers have the opportunity to apply for a daily, weekly, or monthly subscription.

APPS CLUB

“Apps Club” application offers more than 700 premium applications and games for adults and kids.

Viva-MTS subscribers have the opportunity to apply for a daily, weekly, or monthly subscription.

KIDS CLUB

“Kids Club” application offers hundreds of premium games specially designed for kids.

Viva-MTS subscribers have the opportunity to apply for a daily, weekly, or monthly subscription.



MOBILE APPS

FANTASY LEAGUE

“Fantasy League” mobile application is a kind of online football league! It gives an opportunity to create teams from your favorite players, compete in real matches of the past, and get a chance to win 5 to 25 GB Internet packages. Viva-MTS subscribers can apply for a daily subscription.

E-TEACHER

“E-Teacher” is a simple learning application to learn foreign languages in Armenian and Russian.

At present, the application offers to learn English.

Viva-MTS subscribers can apply for a daily subscription.

LIKE U

“#LikeU” is an application for all those who love socializing, getting new acquaintances and making friends.

Viva-MTS subscribers can apply for a daily subscription.



Download on
App Store



Download on
Google Play

KEY EVENTS HAPPENED IN 2020

COVID-19 AND ITS IMPACT ON TELECOM INDUSTRY

2020 KEY EVENTS

The telecommunications industry as well as the digital services sector are subject to rapid and significant changes in technology and are characterized by the continuous introduction of new products and services. The mobile telecommunications and digital services industries in Armenia are also experiencing significant technological change, as evidenced by the constant technological evolution of standards for radio telecommunications. Old approaches for products and services are no more commercially effective and we are continually changing our products or services in response to market demand that requires the adoption of new technologies and emerging industry standards with our existing technology.

In 2020, Viva-MTS faced increasing competition in the market, including potential M&A of competitors, as well as the global COVID-19 pandemic that has affected the entire society.

We were the first in the market with offers that aimed to support online education, helping the National Polytechnic University of Armenia to launch the first Armenian online university educational platform “iUniversity” on March 23, 2020.

When the entire education started to go online, and major companies started working remotely, Viva-MTS presented “+Meeting” service for “X”, “Y” and “Z” tariff plans subscribers to use applications such as “Zoom” and “Skype” without embedded internet package consumption.



In September 2020, martial law was declared in Armenia due to escalation of the conflict in Nagorno-Karabakh. Continued tensions or further escalation of the conflict had a negative effect on the Armenian economy as well as on all business, financial position, and results of operations.

Viva-MTS led by example and starting from October 2020 presented 0 AMD/minute tariff for its subscribers in Artsakh for calls to Viva-MTS, as well as to Artsakh mobile and fixed networks and all roaming services.

In 2020, with the increasing demand for data, Viva-MTS launched a major network upgrade project in Armenia, which resulted in a significant increase of 4G services coverage, as well as network capacity. It includes a reframing of 900 MHz frequency band to UMTS and 1800 MHz band to LTE with the implementation of Carrier Aggregation technology. New Core network nodes were put in operation in 2020, marking the completion of a bigger CS and PS Core modernization project. At the end of 2020, MTS Armenia network has 1,700 2G BTS in total, 2,517 3G base stations, and 1,805 4G sites.

At the end of **2020**, MTS Armenia network has **1700 2G** BTS in total, **2517 3G** base stations and **1805 4G** sites.



FINANCIAL

Revenue

48,524,199,150

Revenue from Mobile Business

44,691,151,682

V&D (Voice, Data, SMS)

35,609,854,925

Interconnection

6,014,472,987

Roaming, incl. VAS

1,086,041,677

VAS & content revenues

453,283,910

Other mobile services

1,527,498,183

Revenue from Fixed services

1,178,202,188

Retail

2,507,422,595

Other Revenues

147,422,685

COS

(14,576,573,158)

Gross margin

33,947,625,992

Gross margin

70%

Commercial Expenses

(5,108,635,351)

Overheads

(6,261,547,885)

OIBDA before capitalization

22,577,442,755

OIBDA before capitalization %

47%

Capitalization

2,400,017,422

OIBDA

24,977,460,177

OIBDA %

51%

Amortization

(13,599,084,805)

Revenue/expenses from financing

1,334,303,303

Foreign exchange effect

1,953,069,859

Other Revenue and Expenses

(1,673,294,800)

PBT

12,992,453,734

Tax

(500,267,482)

Net Profit

12,492,186,252

Net profit %

26%

CAPEX cash

12,991,886,590

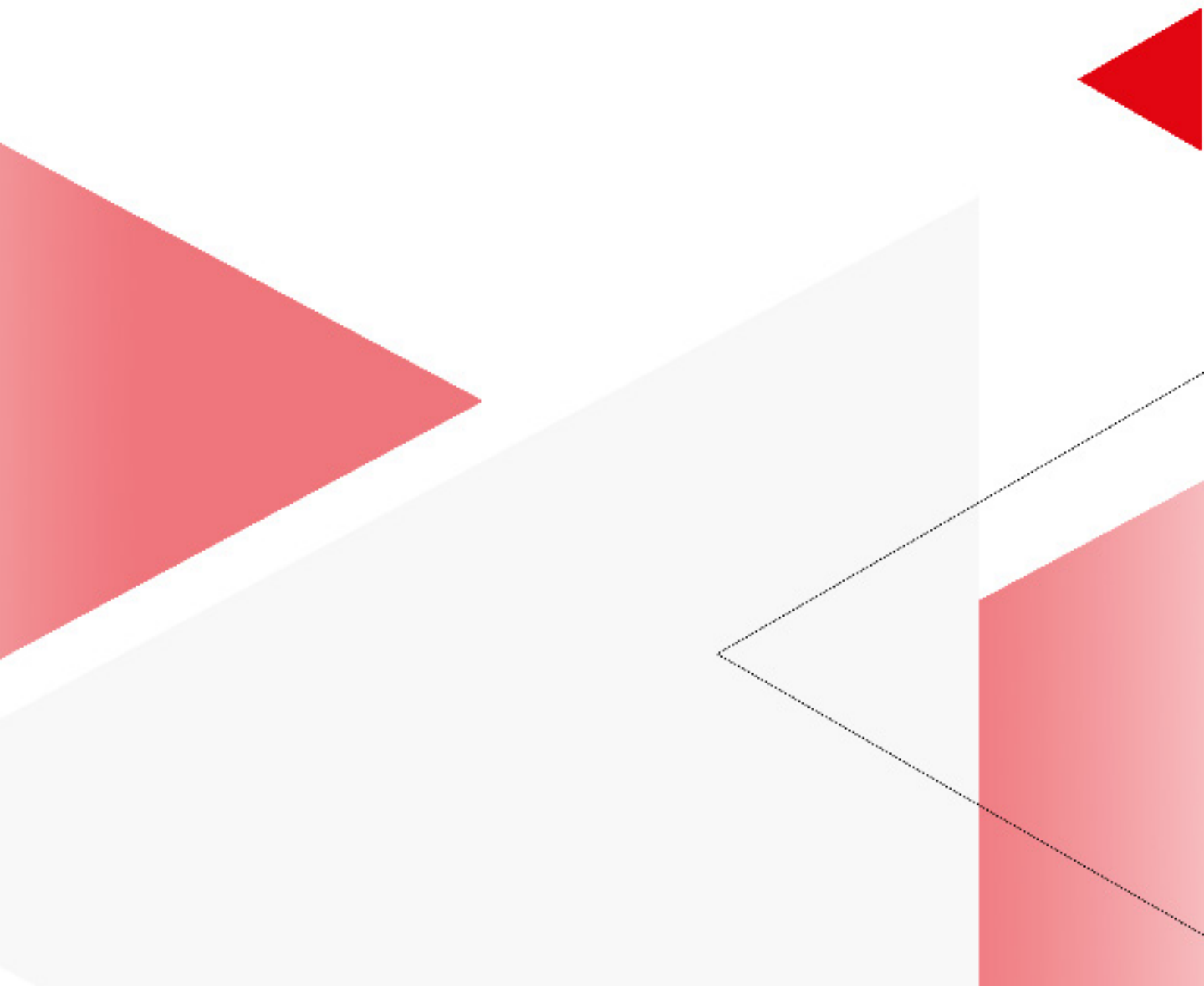
CAPEX exploitation

12,992,503,336

In 2020, Viva-MTS revenues amounted AMD 48.5 bln. A sound level of gross margin at 70% and OIBDA margin at 47% (before capitalization) were maintained, despite the significant negative impact of COVID-19 on the business.

COVID-19 spread in the year 2020, followed by lockdown, caused a decrease in people mobility and income level, and an absence of touristic flows. In addition, Service Centers were operating with limitations imposed by the State. These factors resulted in a decrease in revenues in the Telecommunications business in Armenia. Viva-MTS, being the leader in the Telecommunications sector in Armenia, could still hold and even increase its market share by revenues (without Interconnection and Retail).

Facing a decrease in revenues, Viva-MTS could effectively manage expenses and make safe optimizations to maintain high profitability.



**in AMD**

	2020 – Total	2019 – Total	2020–2019 Variance
Voice Revenues	11,674,202,327	12,717,807,462	–1,043,605,135
Roaming Revenues	1,086,041,677	2,067,074,690	–981,033,013
Subscribers Revenues	1,594,096,108	1,768,541,415	–174,445,307
Activation	42,333,580	55,257,300	–12,923,720
VAS (including VAS in roaming)	22,897,157,557	22,236,707,157	660,450,400
Other Revenues – business segment	1,317,705,316	969,106,954	348,598,362
Interconnection Revenues	6,014,472,987	9,624,959,086	–3,610,486,099
Mobile commerce	167,459,288	193,153,394	–25,694,106
Total Mobile Revenues	44,691,151,682	49,363,568,296	–4,672,416,614
Mass segment	34,687,637,037	35,476,696,343	–789,059,306
Business segment	3,526,805,611	3,496,177,938	30,627,673
Total Other Revenues	147,422,685	143,732,261	3,690,424
Retail Revenues			
Revenues from Sale of Goods – Total	2,459,129,440	5,672,658,555	–3,213,529,115
Wholesale and franchising Revenues – Total	48,293,155	76,306,245	–28,013,090
Total Retail Revenues	2,507,422,595	5,748,964,800	–3,241,542,205
FB Revenues			
FB Revenues – Physical segment	55,509,985	53,555,033	1,954,952
FB Revenues – Business segment	818,415,535	928,323,302	–109,907,767
FB Revenues – Other Operators	304,276,668	375,554,673	–71,278,005
Total Fixed Business Revenues	1,178,202,188	1,357,433,008	–179,230,820
Business Revenues			
Total Revenues	48,524,199,150	56,613,698,366	–8,089,499,216

Note: Capitalization by IFRS15,

In Y2020, Viva-MTS total revenues decreased by AMD 8 bln. compared to Y2019.

The main reason for this drop was the overall crisis in the country caused by COVID-19.

The immediate negative impact was on voice and roaming services, while revenues from data services remained the growth force of mobile revenues. MTS Armenia follows the worldwide tendency to enhance data services, thus continuously improving the network and introducing competitive price plans to the market. Enhancing indoor coverage was one of the main goals in 2020.

Other VAS revenues also contributed to Revenues increase with the increase in mobile applications popularity and revenues from Bulk SMS.

The decrease in Interconnection revenues was mainly a result of SOP contract terms change with MTS-Russia (AMD -2.5 bln.).

Retail revenues were much affected by lockdown and service centers operating with limitations (keeping social distance and serving a limited number of subscribers at a time) during the pandemic. During mentioned limitations, a decision was made to prioritize Core business sales over Retail. At the end of 2020, Viva-MTS made significant promotions and sold out the stock with special sales to enter 2021 with a healthy stock.

In the field of fixed business communications, Viva-MTS is mainly represented by services for B2B subscribers. Services for B2C subscribers are available in 3 districts. The geography of the B2B network is being expanded in the regions of the RA.

After a significant decrease in revenues since mid-2019, in 2020 there was a stable increase in revenues as a result of concluding several major contracts. The decrease in operator income in the Q4 2020 is due to the nullifying of the contract price with Karabakh-Telecom for IP since Oct-20.

in AMD

	2020 – Total
Investment income and financing costs	11,378,375,372
Interest income	1,334,303,303
Interest expenses	0
Foreign exchange change	1,953,069,859
Impairment loss	-68,781,600
Spare Parts Impairment	-68,781,600
Assets Impairment	0

in AMD

	12,992,453,734
Income (Loss) before taxation	3,449,092,268
Income Tax	-2,948,824,786
Deferred Income Tax	12,492,186,252
Profit (Loss) after Taxation	0
Minority Interest	12,492,186,252
Net Profit (Loss) available to shareholders	0
Adjustments/corrections	12,678,647,298

Net Profit (Loss) available to shareholders before cap

Net Profit available to shareholders of Viva-MTS in 2020 amounted **AMD 12.7** bln. before capitalization by IFRS15, IFRS16.

Viva-MTS continues operating without debt due to enough earnings, so there are no interest expenses recorded.

Due to the significant exchange rate increase in 2020, Viva-MTS reported **AMD 2** bln. gain from Forex change.

Profit tax is calculated at the rate of **18%**. The effective rate differs due to income and expenses exempt from taxation.



STATEMENT OF FINANCIAL POSITION

IN THOUSAND DRAMS

As of December 31
2020

Assets

Non-current assets

Property and equipment	30,860,298
Right-of-use assets	5,514,241
Intangible assets	11,687,558
Unsecured borrowings	–
Deferred income tax assets	3,435,691
Trade and other receivables	452,280
Bank deposits	–

30,860,298
5,514,241
11,687,558
–
3,435,691
452,280
–
51,950,068

Current assets

Inventories	1,368,169
Trade and other receivable	4,362,207
Unsecured borrowings	19,685,707
Short-term loans to employees	252,649
Bank deposits	9,968,137
Cash and bank balances	7,319,405

1,368,169
4,362,207
19,685,707
252,649
9,968,137
7,319,405
42,956,274

Total assets

94,906,342

Equity and liabilities

Capital and reserves

Share capital	550,000
Reserve capital	82,500
Accumulated profit	77,395,385

550,000
82,500
77,395,385
78,027,885

Non-current liabilities

Lease obligations	5,010,131
Contract liabilities	78,115

5,010,131
78,115
5,088,246

Current liabilities

Lease obligations	1,389,807
Current liabilities	1,420,521
Trade and other payables	7,111,326
Income tax payable	1,868,557

1,389,807
1,420,521
7,111,326
1,868,557
11,790,211

Total equity and liabilities

94,906,342

As of the end of Y2020, Viva-MTS' financial position showed a good balance of cash and equivalents. Current assets exceed current liabilities by 3.6 times.

Property and equipment (cost of AMD 159 bln. and accumulated depreciation of AMD 128 bln., resulting in carrying an amount of AMD 31 bln.) comprise the biggest portion of non-current assets, consisting mostly of telecom equipment.

Intangible assets (cost of AMD 28 bln. and accumulated depreciation of AMD 17 bln., resulting in carrying an amount of AMD 11 bln.) mostly include rights and licenses.

Right-of-use assets (cost of AMD 10 bln. and accumulated depreciation of AMD 4 bln., resulting in carrying an amount of AMD 6 bln.) mostly relate to the rights for placement of network equipment.

Unsecured borrowings include borrowings to Mobile Telesystems OJSC.

The Company holds 550 000 ordinary shares, each with a value of AMD 1000. Accumulated profit, after paying dividends in the amount of AMD 10.5 bln. in 2020, maintains the level of the previous year of AMD 77 bln. Payables, as well as receivables, are roughly at the level of 2019. An exception is the increase in income tax payable by AMD 1.7 bln., since the Government of the Republic of Armenia has provided an extension on tax payment terms as a support to companies in times of crisis caused by COVID-19.



The Company holds **550 000** ordinary shares, each with a value of **AMD 1000**.



Accumulated profit, after paying dividends in the amount of **AMD 10.5** bln. In 2020, maintains the level of the previous year of **AMD 77** bln.



BUSINESS SOLUTIONS

CLOUD PBX

“Cloud PBX” service is intended for big companies, as well as small and medium enterprises.

Access to “Cloud PBX” is being provided through Data and Internet channels (IP network) from anywhere inside Armenia. “Cloud PBX” gives an opportunity to unite the offices of a company in various geographic locations under a single virtual “roof” by means of short numbers and a row of other services. The “PBX” has a flexible infrastructure, which lets customize its settings in a way as to meet the Company’s needs as close to its activities and objects as possible.

CLOUD

Infrastructure as a Service, IaaS – provision of variety of cloud infrastructure, including servers, data storage systems, network equipment, as well as software for management of the listed resources. One of the major advantages of this approach for the clients is that the clients are not required to buy expensive equipment, which may partly stay idle or prove unproductive. With the services offered by Viva-MTS, the client pays only for what he or she needs at a given period of time with an option to flexibly increase or decrease the volume of the resources used as needed.

BACKUP BASED ON VEEAM SOLUTION

- unified backup of all virtual servers located in Viva-MTS cloud domain, with an option to update upon need;
- weekly full backup;
- daily backup (of only updated data);
- backup copy archives for 14 days;
- data restoration within one work day in case of accidents.



HOSTING

Viva-MTS provides high-quality domain registration and web hosting web services. Web hosting and domain are vital elements, which help run a website. Domain name is a website address on the Internet. The domain name helps make a complicated server address (IP-address) easier to remember. Web hosting is the actual space on a computer (server) provided to the user, where all website files are stored, including all documents and content.



TOLL-FREE

Enjoy the “0–800 Toll-Free” service and let your company’s clients familiarize themselves with your services, products, and get the answer to the questions they are interested in with a free call.

The incoming calls received on the number within the service are charged from the receiving party.

SHORT-NUMBER

Become more accessible to your clients. Subscribe to the fixed “Short-number” service designed for companies and enterprises, and ensure your clients have an easily memorized four-digit number to reach you. The short number provided by the service lets your clients contact you with inquiries any time they need you.

FIX BROADBAND

Explore our business communication solutions:

- High-speed symmetric stable Internet connection;
- Reliability – redundancy of access channels;
- Flexibility – access to Internet through various technologies (FTTx, Radio Ethernet);
- A wide range of additional services: creating Wi-Fi zones, virtual and dedicated hosting, static IP-addresses, registration and maintenance of domain names.

DPRS

DPRS Dual Path Redundancy available with protection options, to provide service availability up to 99.995%.

CACHE SERVICES

Hosted cache servers allow you to reduce load and get affordable cached traffic for your business.

SIP TRUNK

“SIP Trunk” is designed for organizations, which heavily rely on voice services for their business purposes and need consistent and quality communication with controllable expenses. The service packages provided within the tariff plan via IP-network give an opportunity to make free calls within the group, as well as on-net calls at special tariffs for a fixed monthly fee.



HUMAN RESOURCES

HR MISSION

The key mission of HR at Viva-MTS is to consistently maintain a leadership position in the market by being the employer of choice. With the constant digital evolution, HR seeks to regularly maximize employee performance by consistently driving the right culture, warranting engagement to ensure that it attracts, recruits, retains, and efficiently develops the right people to fulfill the Company's strategy.

OUR PURPOSE

We believe in leading digital innovation to improve the lives of millions of people. Always loyal to the customers and forever loyal to the country: this is the slogan that helps us develop a healthy strategy, and to guide our vision for the future.

IT and telecommunications is one of the most dynamic areas of our economy, and it gives us great pride to contribute to this sphere, by meeting the expectation of our customers, our stakeholders and our shareholders, and by ensuring that we develop an agile state of mind, always ready for new transformations and challenges. This is possible thanks to the loyal efforts of our family members.



OUR CORE VALUES

Viva-MTS mission is to offer innovative and high-quality telecommunication services. Throughout its operations and in every sphere, the Company adheres to the following core values:



Innovation

We develop state-of-the-art solutions and put them into practice successfully.



Responsibility

We care and we are accountable for what we do.



Respect

We put ethics and human values at the core of everything we do.



Teamwork

We work with integrity and together celebrate our mutual success.



Loyalty

We believe and we are faithful.

OUR PEOPLE AND CULTURE ARE THE PILLARS OF OUR SUCCESS

Our family is composed of approximately 1300 employees, a valuable team of highly committed and engaged individuals, and even though each of us has very unique talents, stories, and capacities, we always ensure that our collective spirit is alive through our core values: Innovation, Responsibility, Respect, Loyalty, and Teamwork. We live and breathe by these values, because they are the pillars of our truth, our passion, and our strength, both

for our family members and for our Armenian society at large. Our key to success has been primarily due to the consistent human treatment we have to our family members, ensuring that they are personally and professionally fulfilled.

Overall, we believe that the loyalty of our employees is primarily due to the positive, encouraging and supportive work environment. Psychological safety has been a vital objective for the Company management, to ensure that the staff members feel safe to express themselves and feel respected, appreciated and supported. It is our firm belief that when people feel safe and trusted at the workplace, they will energetically engage themselves to take initiatives on new projects, new developments and future prospects.

With this in mind, we have launched several internal projects to help employees feel appreciated not only by their leaders but also among their peers.

The “Lucky Carrot” program helps employees recognize and appreciate the success of other colleagues by granting them thank-you messages and gifting them with virtual carrots based on the Company’s core values by which the recipient has acted. In addition, the internal portal – Our Planet – enables employees to be consistently informed on all company-related decisions or news so that they always are an integral part of the Company’s plans, actions and recommendations, regardless if the individual works from home or from the office.

OUR SOCIETY

We approach our customers and our community members in Armenia with the same care as we do to our own employees, namely through our pioneering efforts in corporate responsibility. Since the day we were born, fifteen years ago, Viva-MTS has not fallen short in becoming a key responsible player namely due to its authentic and honest value system.

HUMAN AND EMPLOYEE RIGHTS

Viva-MTS is an equal opportunity employer which provides diverse and inclusive work opportunities to all employees. Our Company prioritizes the respect of all human beings and employee interests.

Our employees have the right to work in a safe and healthy environment. They have the right to be treated fairly and equitably. Viva-MTS does not tolerate discrimination of any kind, namely related to gender, child and forced labor, race, skin color, ethnicity, language, origin, social/economic status, age, place of residence, religion, or political belief. This relates to all Company processes and procedures, including recruitment, staff development, promotion and disciplinary measures. All discriminatory behavior, negligence reprimands or forms of oppression are strictly prohibited.

Finally, Viva-MTS strictly prohibits harassment and bullying, including hints of sexual or physical proximity, hindering the work of another person or creating an atmosphere of fear, animosity or tension. The Company commits to providing its employees and any person who works or collaborates with the Company with the utmost safe and reliable conditions.

To ensure that all employee or human rights-related principles are held at the highest standards, Viva-MTS regularly updates and communicates its Code of Ethics which highlights the above-mentioned principles as well as the following:

- Legal compliance in various fields: anti-corruption legislation, law on competition, protection of trade secret, respect of corporate values, avoidance of conflict of interests when personal interests are in contradiction with Company's interests, fraud prevention, as well as honest and reliable business conduct.
- Employees are required to be honest and transparent in sharing knowledge, experience and expertise with others, behave respectfully towards one another, value each other's views and opinions.

ANTICORRUPTION, COMPLIANCE AND INFORMATION SECURITY POLICIES

To ensure that Viva-MTS always remains honest and reputable, it has implemented anti-corruption, compliance and information security policies to guarantee the acquisition of the most up-to-date tools to fight corruption, to promote ethical conduct within the Company, to avoid any risks or costs related to corruption, to protect customer and corporate clients, to ensure information safety, and to support an overall healthy expansion of the business.

To ensure the effectiveness of these policies, the commitment began first and foremost by the Company's management to set an example for the rest of the Company and ensure that the right culture is maintained in preventing corruption within Viva-MTS. All staff, including the management, is involved in regular trainings and courses, the development and update of these relevant policies, and participation in all yearly audits (including ISO-related).

STRUCTURE OF THE COMPANY

The Company structure of Viva-MTS is a living organism that changes with the needs of the business and relevant required functions. It helps visualize the direction in which the Company is heading with more clarity to ensure agile decision-making and consistency. The structure has been modified over time to try to minimize the span of control, manage expectations, organize workflow, and support engagement and productivity.

Currently, Viva-MTS integrates the following departments:

- Customer Service Department
- Finance & Accounting Department
- Human Resources Department
- Technical Department
- Information Systems Department
- Administration Services Department
- Internal Control and Audit Department
- Marketing and Communication Department
- Corporate Governance and Legal Department
- Security Unit

PERFORMANCE MEASURES AND TARGETS

We strive to ensure our performance management and reward processes are aligned with the Company's strategy, business objectives, and culture. A key part of embedding our culture is ensuring we reward our employees based on their performance, potential, and contribution to our values and success.

Performance assessment processes at Viva-MTS include a corporate indicator (general business-related performances) and individual targets (tailored more to the individual and her/his function).

COMPENSATION AND BENEFITS

Apart from the general performance-based bonuses or rewards, we also strive to offer a competitive compensation package to all staff. Times are tough and we understand that our employees have families of their own to care for. As such, we try to appease staff concerns by offering certain benefits that can help meet day-to-day issues, to extend a hand from the Company to the hearts of people.

REMUNERATION SYSTEM

Combined with a work environment that genuinely cares for its people and their respective needs, Viva-MTS has developed a remuneration policy that will also meet the critical needs of attracting and retaining key talent in the competitive local marketplace. Guided by the principle of equity and fairness, Viva-MTS always assesses and modifies its remuneration system to ensure that its people are compensated fairly and equitably, not only within the Company but also within the market.

Benefit

(Company Compensation plan, other compensation as per Law) **3%**

Bonus

(Variable bonuses according to the Company policies) **26%**

Salary

(Base salary, night work pay, vacations, Social tax by Employer) **71%**

STAFF-RELATED INFORMATION

Employee turnover rate

5.7%

Employee retention rate

94%

Average length of service

8.0 Years

Women in management roles

42%

STAFF DEVELOPMENT

Since our family members – our staff – are the heart and soul of Viva-MTS, individuals have the opportunity to consistently acquire new knowledge, both technical and soft-skill related, to ensure that their levels of engagement and productivity are consistently high and healthy. With the onset of Covid-19, however, the company has to quickly re-engineer its development programs to help staff maintain its dynamism and vitality by providing the transferring of its development programs online, offering flexible e-learning courses.



RISK MANAGEMENT/ OUR RISKS AND UNCERTAINTIES

HOW WE ARE GOVERNED

Our Company operates in strict accordance with the Law of the Republic of Armenia on protection of economic competition. This law prohibits any activities that can lead to the violation of competition principles and monopolization of the market. Top Management is following up on the compliance of legal requirements on the products and services.

Employees of Viva-MTS are aware of and obliged to act in compliance with the existing laws, rules and regulations as well as policies and procedures of Viva-MTS. Viva-MTS employees are not allowed to take part in any action or encourage any other third party to violate the laws, rules and regulations, as well as policies and procedures of the Company.

Along with compliance to the national Laws and Legislation, the Company has added internal principles to comply with, which are also our priorities under Corporate Governance:

- Anticorruption norms and regulations
- Fraud prevention
- Fair business practices
- Risk Management
- Responsible Supply chain

We have our Anti-Corruption program with an aim to provide requirements of anti-corruption legislation applied to the Company.

ANTICORRUPTION NORMS AND REGULATIONS

It is ensuring the observance of legality, transparency and social responsibility principles by the Company, upholding its reputation in front of the state, its customers, partners, competitors and the entire society. It defines principles of preventing corrupt acts by or towards the Company and/or its employees, as well as principles of observance of anti-corruption legislation and prevention of any expression of corruption by the Company during its economic activities in any country.

Our Anti-Corruption legislation compliance goes beyond the already stringent Armenian anti-corruption legislation as we also use it to comply with the main requirements of FCPA and UKBA legislations. The Anti-Corruption Legislation applies to the Board of Directors as well as all employees, representatives, affiliate and subsidiary companies, their management bodies and employees.

Furthermore, it also applies to all normative documents and processes regulating sponsorships and philanthropic activities of the Company. All financial transactions regarding the above-mentioned activities are explicitly reflected in accounting reports, and the implemented programs are additionally coordinated. Monitoring of philanthropic investments gives the opportunity to make sure that the invested sums do not appear to be a concealed bribe or commercial bribery. Company management takes necessary safety measures to ensure all political contributions and charitable donations are legal in accordance with applicable anti-corruption legislations.



All staff of the Company has been trained to ensure compliance with the anti-corruption program; a special Anti-Corruption Guideline highlights all the corruption vulnerable areas and how to mitigate them. The Company also has its Compliance Policy, which also includes rules of gifts and entertainment for the Company as well as for its stakeholders.

The Company has no record on corruption cases where the Company or its employees have been involved in; the control over proper implementation of the anti-corruption program is done on a daily basis by the internal audit and compliance team.

To keep fraud out of the Company, we have set numerous activities, as we regard this as a threat to our long-term business success. We consider fraud to be a deliberate act or act of omission of physical and/or legal entities with a view to gain benefit at the expense of the Company and/or cause material and/or non-pecuniary damage. Examples of fraud can be misrepresentation of financial statements, cloning of SIM cards, theft of company property, etc. Fraud can also relate to deliberate activity of the entities on the communication networks, including fraudulent, illegal access to receive services and the use of resources of the operator without proper payment, unlawful access to any confidential information of the Operator, including for the purpose of gaining benefit, as well as other actions aimed at causing damage and other harm to the Operator.

At Viva-MTS, we have set activities to prevent, reveal, evaluate, investigate and minimize consequences of fraud, to keep our business reliable, clean and successful. This includes, among others, the implementation of a "Fraud Prevention Policy" and strict guidelines on behavior in case of conflicts of interest or a "Fraud database". This automated system is intended for systematization, storage, and analysis and is determined for group use of knowledge and sharing experience to several business units:

- Security Unit
- Commercial Department
- Finance and Accounting Department
- Governance Risk and Control Department
- Administration Services Department
- Information Systems Department
- Technical Department

It collects or analyzes information on the activity of the best business partners and competitors, on the management methods applied by them, like research of best technologies, industrial processes and methods of organization and marketing of production and services.

All Viva-MTS employees are required to perform their work most effectively, and as such, the Company prohibits all conflicts of interest. A conflict of interest may arise when personal interests are involved or at stake, and when relevant decisions may negatively affect the Company's interests.

The interests of the Company and its brand must be the first priority in all decisions and actions taken by Viva-MTS employees. Even the appearance of a Conflict of Interest can damage an important company interest.

Individuals working in Viva-MTS shall at all times act in a manner consistent with their fiduciary responsibilities to the Company and shall exercise particular care that is no detriment to the Company results from conflicts between their interests and those of the Company.

FRAUD PREVENTION

Our Conflicts of Interest Policy has been developed to secure that no employee will personally benefit from or at the expense of the Company's interest. It has been implemented to assure the highest level of ethical conduct of employees at all levels. It applies to any situation in which employees happen to be in a position to exploit a professional or official capacity in some way for personal benefit as well as all proprietorships, partnerships, associations, joint ventures, corporations, firms, foundations, or other organizations or entities used in carrying on a trade or business, including parent organizations of such entities or any other arrangement in which an entity operates through a subsidiary.

Our Conflicts of Interest Policy refers to money, non-pecuniary and excessive gifts as well as ideas, inventions, technology, creative expression in which a proprietary interest may be claimed, including but not limited to patents, copyrights, trademarks, "know-how", telecom products, and IT-related products. Each employee of "MTS Armenia" signs a statement, which affirms that a copy of the Conflicts of Interest Policy has been received, read and understood. Employees declare their agreement to comply with the policy and that they will declare any actual or potential case during the whole employment period that might be considered as a conflict of interest.

FAIR BUSINESS PRACTICES

Viva-MTS commits to be a profit-oriented organization. Nevertheless, the way we make these profits is crucial to us. We are committed to conduct our business in a highly ethical manner. This is why we have developed a Code of Ethics based on our core values, which can also be found on our website. Code of Ethics sets forth the principles and ethical standards for the professional conduct and responsibilities of Viva-MTS staff members. These principles and standards should be used as guidelines during our daily professional activities. They constitute normative statements for all of us and provide guidance on issues that we may encounter in our professional work.

At Viva-MTS, we always strive to observe legality, act honestly, and meet our professionals for the good of our operation and the society in which we work. Commitment to ethical professional conduct is expected and mandatory for each member of Viva-MTS.

The Code of Ethics is available to all Viva-MTS employees via internal portal and is being presented to each new employee during the Orientation Sessions. HR Department employees can be contacted at any time for guidance on it and in case of uncertainties.

Confidentiality of information and fulfillment of obligations of the law are guaranteed. Viva-MTS has also created a Hotline to ensure respectful and open working environment. It is particularly important that the employees are treated fairly and that they receive prompt responses to their concerns and problems. At the same time, the Hotline of Viva-MTS is created to enhance the effectiveness of prevention, fight against the corresponding risks and detection of the potential facts of fraud, violations and infringements in the fields of finance and accounting, internal control and audit, sales, procurement and customer service, as well as contract relations and in many other processes that have a significant value for the business. All appropriate actions will be taken to investigate any violations reported.



RISK MANAGEMENT

We use an Integrated Risk Management process, aimed at coordination of structural subdivisions of Viva-MTS with regard to the management of the most significant risks. Its objective is to provide the management of the Company with adequate information on significant risks, to take timely preventive measures to respond and to provide the management and concerned subdivisions of the Company with analytics on the most significant risks concerning our economical, ecological and social performance. Each risk has its detailed analysis which contains the actual information on the risk including the description of the risk, risk assessment, the list of regular procedures, additional measures, response plans, cases of risk realization, a quarterly summary on the monitoring results. Measures are aimed at reducing the consequences of risk realization and extend them to Response and Contingency Plans.

Risk-based planned and unplanned internal audit engagements are being conducted and reported to Board of Directors. All suppliers of Viva-MTS are treated via fair competition or bidding. There is an inclusive, independent, objective, and fair consideration of the supplier qualification, product/service quality, reputation through a tender or other fair/reasonable means based on Viva-MTS Purchasing Policy. Around 52% of our whole purchases are made with local suppliers.

We abide by the laws and regulations against unfair competition or monopoly, corruption and bribery. We protect the legal interests of the Company and reject bribes, discounts through unauthorized repayments, or material benefits that could be offered by a supplier. We comply with Viva-MTS corporate culture and respect the corporate culture of the supplier, treat suppliers and their representatives in an accepted etiquette and strictly keep the confidentiality of supplier information in accordance with mutual agreement and legislation.

We aim to build up social and environmental standards throughout our supply chain with our direct suppliers. This is done by improving their CSR performance and supply chain management. By integrating our CSR standards in our procurement procedures, we can sustain our reputation and make a difference in the community in which our suppliers operate.

We anticipate our suppliers to apply certain standards in the fields of labor, ethics, safety, and the environment (based on our CSR Clause). Compliance with these standards will be verified through questionnaires and discussions with suppliers. The strategic supplier will have an in-depth analysis to identify CSR-related risks and an appropriate improvement plan will be drawn up for high-risk suppliers.



SUSTAINABLE DEVELOPMENT AND CORPORATE SOCIAL RESPONSIBILITY

CORPORATE SOCIAL RESPONSIBILITY (CSR)

CSR reflects the commitments of any business and other organizations, whether in the private or the public sector, towards the society in which they operate.

The fact is that companies have an impact on society and the environment through their operations, products, and services and through their interaction with key stakeholders such as employees, customers, investors, local communities, suppliers, and others.

CSR means understanding such impacts and managing business processes in a way to add social, environmental and economic value for producing a positive sustainable outcome for both society and the business. In other words, it's a living managerial language, which penetrates into each function and cannot be confined to random programs conducted by few departments in isolation from one another.

CSR FOR VIVA-MTS RESPONSIBILITY (CSR)

For Viva-MTS, CSR is to work and build a business and social relationships based on respect, ethics, dedication responsibility, and trust, to maintain a healthy and safe workplace for all our employees, to provide conditions that are conducive to the development of the professional strengths and a sense of individual accountability, to strive for an equal approach in employee hiring and promotion, to keep honest relationships with suppliers, to deliver quality service for all our citizens.

Viva-MTS' CSR vision is to better enhance the status of the Company and that by positioning and developing its role as a pre-eminent local financial and business center working for the benefits of Armenians, Armenia, and its nation at large. Viva-MTS believes in its capacity to contribute in promoting the understanding of multidimensional and evolving nature of CSR, hoping to set an example for other local institutions to follow the same steps.

Prosperity cannot be maximized in isolation, we must build it hand in hand, and it is hand in hand that we should walk towards future Armenia.



OUR PARTNERS

In the frames of CSR activities through 2020, Viva-MTS has partnered with the following organizations:

- “Hayastan” All-Armenian Fund
- “Catalyst” High-Tech and Entrepreneurship Development Foundation
- United Nations Development Programme (UNDP)
- Union of Employers of Information and Communication Technologies (UEICT)
- “Golden Apricot” Fund for Cinema Development
- “Unison” NGO
- Foundation for the Preservation of Wildlife and Cultural Assets (FPWC)
- “Source” fund
- “International Child Development Center” NGO
- Fuller Center for Housing Armenia

SOCIAL INVESTMENTS

Within 2020, Viva-MTS has implemented social investments in the areas of:

- Education
- Culture
- Environmental protection
- Healthcare
- Regional development

In total, AMD 624,573,056.00 has been spent on the social investments.



Investments in **education** sectors involved sponsorship in the Global IT Award, the International Microelectronics Olympiad, the Armenia Startup academy program, the “Barev Balik” project, the Smart Solutions Center at Polytechnic University, and tuition assistance for students from vulnerable layers of society.



Cultural investments included sponsorship in the “Golden Apricot” Film Festival and the “Unison” NGO.



Investments in the field of environmental protection are directed to the **environmental protection** projects partnered with FPWC.



Healthcare sector includes investments in the “Source” Fund, the “International Child Development Center”, provision of smartphones to schoolchildren from vulnerable layers of society in villages.



Regional development involves investments in the Fuller Center for Housing Armenia and the Alternative energy in the rural areas of Armenia.



ADDITIONAL INFORMATION

CONTACTS

Viva-MTS (MTS Armenia CJSC)

Address

4/1 Argishti Str., Yerevan 0015, RA

Phone numbers

For general inquiries: +374 60 77 11 11

Call Center: 111, +374 93 29 71 11

For reports on violations:

+7 985 765 00 02 (+7 495 765 00 02)

E-mail

General inquiries: info@mts.am

Call Center: 111@mts.am

For job applications: jobs@mts.am

For reports on violations:

hotline@mts.ru

Social Media Channels

Facebook: fb.com/MTSArmenia/

Instagram:

instagram.com/vivamts_official_page/

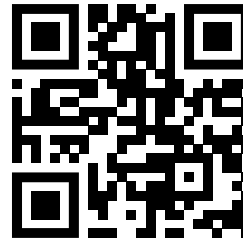
Telegram: t.me/vivamtsofficial

YouTube:

youtube.com/user/MTSArmeniaOfficial

Viber: Viva-MTS

Website



download on App Store



download on Google Play

