

№	Question	Answer
1.	Please provide the average number of FTEs engaged in the operations under the proposed concession terms over the period 8M18, as well the actual number as at 31 August 2018 and 30 September 2018.	<p>The average number of full-time employees, engaged in the operations under the proposed concession terms over the period 8M18, as well the actual number as at 31 August 2018 and 30 September 2018 is, as follows:</p> <p>01.2018 - 2,324  02.2018 - 2,317  03.2018 - 2,325  04.2018 - 2,323  05.2018 - 2,315  06.2018 - 2,307  07.2018 - 2,327  08.2018 - 2,331  09.2018 - 2,316</p>
2.	Please explain the drivers behind the lower non-aero yield of BGN 7.1/PAX in 8M18 compared to 8M17, which resulted from the 7.8% growth in PAX and 6.9% growth in non-aero revenue.	<p>We cannot come up with the amount of BGN 7,1/PAX you have mentioned. Monthly reports for the first eight months of 2018 are presented in Appendix “Answer to Letter No. 100-20052/02.10.18, item 5“ (4 folders, for 2015, 2016, 2017 and 2018 respectively). According to the records therein, the profit, before financial revenues and expenses, tax and depreciation, amounts to BGN 11 805 thousand, or BGN 2,5/PAX, and for the same period of the previous year, it amounted to BGN 2,6/PAX. The growth of the non-aero revenue in the reporting period, compared to the respective period of 2017, is 16,5 %.</p>
3.	Please explain why the FY18B third party service budget of BGN 23.7m is more than 2 times higher compared to actual expenditure of BGN 11.8m in FY17.	<p>Higher costs for third-party services are budgeted, compared to the statement for 2017, as follows:</p> <ul style="list-style-type: none"> <li>• The budget for 2018 provides for an increase for the financial support of the fire-safety;</li> <li>• The budget for 2018 provides for an increase, related to the Act on the Amendment and Supplementing of the Ministry of Interior Act, promulgated in SG, No. 81 of 14.10.2016.</li> </ul> <p>Increased expenses for routine repairs for the following positions:</p>

		<ul style="list-style-type: none"> <li>• Cleaning of rubber deposits from the runway, to be performed twice in 2018, unlike 2017, when a single cleaning was performed;</li> <li>• Current repairs of the asphalt concrete pavement of the apron – part of the apron taxiway TW ”L“, not performed in 2017;</li> <li>• Current repairs of the asphalt concrete pavement of the apron – part of the apron taxiway TW ”H, not performed in 2017;</li> <li>• Current repairs of a part of the concrete pavement in front of hangars 1-4, not performed in 2017;</li> <li>• Repairs of roofs at T1, not performed in 2017;</li> <li>• Performance of construction and assembly works for expansion of the passenger and cabin luggage check-in area, level +5.25 at Terminal 2 of the Sofia airport, not performed in 2017.;</li> <li>• Replacement of floorings at Terminal 1, Arrivals Lounge, not performed in 2017.</li> </ul> <p>More expenses were budgeted for Insurances, based on previous contracts, since the tariff number for 2017 by asset groups is lower than planned in 2018.</p>
4.	Please explain when the business plan FY18, as presented in PDR 1.18, was prepared and approved by Management.	Please refer to the answer to Question 1, published on 17.10.2018 (file Q&A_17.10.18_1).
5.	Please explain why the FY18B other costs budget of BGN 4.6m is 1.5 times higher compared to actual expenditure of BGN 1.9m in FY17.	Please refer to the answer to Question 10, published on 17.10.2018 (file Q&A_17.10.18_1).
6.	We understand that the company underspent on repairs and maintenance as well as machines and equipment. Please explain the difference between the two categories and what is the level of maintenance spend recognised through the P&L. Please also provide explanations for the underspend on capex in FY15 and FY16.	Repair works costs means expenses for procurement of materials and services for repairing/elimination of damages and/or for restoring of the operability of assets. The maintenance includes the procurement of main and auxiliary materials and spare parts, used for the ongoing operation of Company’s assets. In 2017 the amount for maintenance materials was BGN 1 466 thousand, recorded in the Annual Financial

		<p>Statement as part of the Main and auxiliary materials, in the amount of BGN 1 507 thousand.</p> <p>In accordance with the legal provisions and the internal regulations, public and private procurement procedures have been prepared and opened during the reporting period. Considering the legally established periods for submission, review and assessment of the bids, as well as the time, specified for the submission of appeals, of additional documents and for signing contracts, as well as the respective performance period, no payments have been made thereto until the end of the reporting period. If necessary, these payments shall be transferred to the next reporting period.</p>
7.	<p>Please confirm, in relation to the answer to question 96 above, whether the 5 contracts lost in the period between Aug-18 and Oct-18 have been replaced. Please confirm the net EBITDA impact of losing these contracts after taking into consideration any replacement contracts.</p>	<p>The following property lease agreements have been terminated:</p> <ol style="list-style-type: none"> <li>1. 100-Д-100/05.05.2017 for leasing Office for insurance services No. 0A46.3. A new agreement was signed for the same property - No. 100-Д-301/30.07.2018 /available as Appendix 2.1 to letter 100-22930/06.11.2018/;</li> <li>2. 100-Д-217/21.11.2012 for leasing Flowers and Souvenirs Shop No. 0A09. A new agreement was signed for the same property - No. 100-Д-315/24.08.2018 /available as Appendix 2.2. to letter 100-22930/06.11.2018/;</li> <li>3. 100-Д-95/22.05.2015 for leasing Art Shop No. 0B20. No new lease agreement has been signed for this property.</li> <li>4. 100-Д-108/06.06.2013 for leasing Children’s Toys and Accessories Shop No. ДA02. The property will not be leased out, it will be operated by Sofia Airport EAD;</li> <li>5. 100-Д-122/08.06.2017 for leasing Souvenir Shop No. ДA03. The property will not be leased, by operated by Sofia Airport EAD, instead; We cannot provide an estimation, regarding the impact on the EBITDA of the non-renewal of three of the agreements, since analyses are currently being prepared with respect to all five agreements.</li> </ol>
8.	<p>Thank you for your response to question 109 above - please confirm why the EIB charge cancellation did not impact these airlines as</p>	<p>After receiving an answer to a clarifying question, a reference is made to the question “<i>Please provide a line-by-line breakdown of the Frozen cash (BGN 5,023k as per AFS FY17), including amounts, balances at</i></p>

	much as the other airline carriers as we would expect PAX volume not to impact revenue per PAX?	<i>Jul-18 and the latest available status in FY18.</i> ”, which is not relevant to this question posed herein.
9.	In relation to the routes ceased by Ryanir in Nov-17 and reduced frequencies on other routes please confirm if this is a seasonal reduction or permanent.	This reduction is seasonal.
10.	Please provide IFC pro forma P&L for 9M18 (until Sep-18).	The file will be updated.
11.	Please provide COGS by line item (e.g. own shops, fuel, de-icing) for 8M18 and 9M18.	This information is available in the Virtual Data Room – <b>Appendix 2.3.3.1.</b>
12.	In reference to question 2499, please explain how the overcharging of revenues from ground handling services compensates for the non-recurring revenue from Austrian Airlines?	The growth of the natural indicators results in a surplus of the revenues from ground-handling services, which compensates the terminated contract with the Austrian Airlines.
13.	In relation to the answer provided on the EIB loan passenger charge impact per question 139 above please confirm how much of the BGN 20.3m related to FY16 and how much related to FY17. Please also confirm how any of this charge related to FY17 when the FY17 passenger charge was reduced to normal levels? What was the impact on FY15 when the passenger charge was reduced?	<p>The amount of BGN 20,3 mln. is related to the following financial yeas:</p> <ul style="list-style-type: none"> <li>- For 2016 – BGN 10,4 mln.;</li> <li>- For 2017 – BGN 9,9 mln.</li> </ul> <p>The reduced passenger charge in 2017, is the result of reduced OPEX and increased number of planned passengers.</p> <p>The passenger charge was not reduced in 2015.</p>

14.	<p>We understand that discounts are accounted for in the second half of the year once customers have achieved the discount criteria - please confirm this understanding. In relation to Q222 please confirm what year-to date Aug-18 and Sep-18 (and Aug-17 and Sep-17) aero revenues would have been if discounts had been recognised on an ongoing basis - i.e. recognised during the year based on estimates instead of being recognised after the discount criteria had been achieved (per above comment). Please also confirm that the accounting for discounts in FY17 and FY18 is consistent.</p>	<p>According to the Incentive Programme for Traffic Development, the volume and new routes discounts are calculated upon expiry of the respective period and upon meeting certain criteria. The rationale behind this practice is that often carriers fail to meet the criteria by discontinuing certain destinations or by reducing the initially announced frequencies. The calculation of the discounts entails additional analysis and consideration of the level of satisfaction of all the criteria, laid down in the Incentive Programme for Traffic Development, of which we only become cognizant upon expiry of the respective period. Therefore, it would not be realistic or correct to calculate the discounts on a monthly basis.</p>
15.	<p>Within the Collective Employment Agreement 2017-19 article 59.1, it states that "2. Transport service by providing employees whose workplace is at Sofia Airport with subscription cards for all lines of Sofia city transport on list by names, against signature, and for the workers and employees whose workplace is at Cosmos Hotel, city of Varna and at Balchik airfield - the equivalent of two public transport tickets for each day /shift worked. In case it does not contradict the provisions of the CITA and the VAT Act and in compliance with the requirements of the Public Procurement Act, instead of the subscription cards, the Employer can provide prepaid fuel cards of the same value on the list of names to the willing employees with workplace Sofia Airport". Does this subscription card allow staff free travel on public transport to/and from the Airport or is it discounted?</p>	<p>According to the Collective Labour Agreement 2017-19, Art. 59.1: "2. A transport service, through the provision of the employees, whose workplace is at the Sofia Airport of subscription cards for all the urban transport lines, based on a list of names, against signature, as well as to employees, whose workplace is at the Cosmos Hotel, Varna and the Balchik Airfield – the equivalent of two public transport tickets per day/work-shift. Provided that this is not in conflict with the provisions of the Corporate Income Taxation Act and the VAT Act and in accordance with the requirements of the Public Procurement Act, the Employer may provide pre-paid fuel cards of the same value, as specified in the list of employees, wishing to receive such cards and having their workplace at the Sofia Airport." The subscription card allows the employees to travel free of charge, using public transport to/from the airport.</p>