



Audit Report BARIG 2022

Financial year 2022 ended December 31, 2022

Audit completed on April 18, 2023

I. General Comment

In 2022, BARIG consisted of 81 members representing 106 airlines. Due to the ongoing COVID-19 pandemic, the airline and aviation market is still facing an unprecedented commercial crisis with no clear short-term or long-term prognosis. Moreover, consolidation in the European travel and aircargo & logistic market is causing ongoing turbulence; e.g. with Air Cargo Logic and Air Bridge Cargo filing bankruptcy in early 2022 and cancellation of their BARIG membership. However, some governmental back-up programs are still in place and secure economies and companies worldwide at least on a short term basis.

Some business partners asked for early termination of their business partner agreements with BARIG due to the volatile business environment and uncertainties for the future. At the same time Germany faced an all time high (<10%) of CPI (consumer price index) since World War II which heavily effects the cost frame of all members and partners as well as the BARIG Management office itself. BARIG has a very small business base and no alternative revenue income or financing alternatives.

With the decision of the BARIG Full Board on August 22, 2017, the membership fee scheme was modernized in terms of membership status and structure and a fair longterm fee development. BARIG followed the general market trends and modernized the membership fee structure. Furthermore, the business partner scheme was enhanced and new business partners were welcomed to the community.

In its meeting on August 22, 2017, the Full Board decided upon the 2018 ff. membership fees as follows:

| Category | Criteria/Traffic volume in/out Germany | Membership Fee 2018 in EUR (current members) | Membership Fee 2019 in EUR (new members) |
|------------------|--|--|--|
| P5 | Exceeding 12,000,000 | 5,222.00 | 9,400.00 |
| P4 | 4,000,000 – 12,000,000 | 4,811.00 | 7,217.00 |
| P3 | 1,000,000 – 3,999,999 | 4,431.00 | 5,760.00 |
| P2 | 25,000 – 999,999 | 3,450.00 | 3,450.00 |
| P1 | Less than 25,000 | 1,952.00 | 1,952.00 |
| B | Business Aviation | 1,952.00 | 1,952.00 |
| C | Cargo | 1,952.00 | 1,952.00 |
| O | Offline | 1,074.00 | 1,074.00 |
| Lufthansa Group* | Lufthansa Group | 147,319.00 | - |

*Different airline group fees apply for the individual member groups

Based on the decision made in the Full Board meeting on November 28th, 2017, invoices for membership fees 2022 were sent out in January and February 2022.

The overall stable fee level, business partners and a reasonable payment culture of BARIG members facilitated to slightly overbalance the above described negative effects. The ongoing very strict cost management, short time work scheme (Jan-May 2022) and focus on remote or mobile office work alternatives helped to keep the BARIG e.V. budget within the planning framework with finally producing a positive year end result.

II. Other Comments

The 2022 year-end financial report was generated from its financial bookkeeping prepared by INTERTAX TREUHAND GmbH. The financial bookkeeping is based on BARIG's receipts and monthly accounting reports as well as on payroll bookkeeping prepared by INTERTAX TREUHAND GmbH.

BARIG e.V. is registered at tax authorities in Frankfurt am Main as a fully taxable entity. However, BARIG's membership services are exempt from corporate income tax, commercial tax and sales tax. Membership Fees in 2022 amounted to 384,310.00 EUR. In 2022, a write-off of Membership Fees of 0.00 EUR has been considered.

Taxable revenues 2022 amounted to 129,863,61 EUR, whereof 32,827.81 EUR were due to a subtenant agreement, as BARIG does currently not require its full FAC office space. The remaining taxable revenues of 98,020.92 EUR, representing 19.03 % of BARIG's total revenues and thus within the framework of commercial operations, were generated through business partners (96.535,80EUR), other taxable sales and services (500.00 EUR) and to other compensation (985.12 EUR).

Total expenses 2022 amounted to 445,761.94 EUR. Thereof 115,283.69 EUR were considered as expenses directly or pro-rata attributable to taxable revenues. This leads to a taxable profit of 14.579,92 EUR, whereof a lump-sum amount of 5,000.00 EUR will be exempted from income taxation. In order to cover and assure the BARIG associaton's management financial liabilities during the following years (2023 – 2027), a profit reserve of 557,812.50 EUR shall be deferred. Relevant tax returns for 2022 will be completed and submitted to fiscal authorities by INTERTAX TREUHAND GmbH once the financial statements are formally approved by this audit team and the BARIG Full Board/General Assembly (planned for May 16, 2023).

III. Audit Statement

The Audit Team has to be selected from the BARIG member community. The BARIG Executive Committee recommended to the BARIG Full Board on November 30, 2020, to decide that the BARIG Secretary General shall ask volunteers in the BARIG community to conduct the yearly BARIG Audit. The Full Board unanimously agreed to the proposal. Volunteers for the audit team 2022 are Air Astana, Air Mauritius and SunExpress .

Audit team members 2022:

- Air Astana / Mr. Susith Hettihewa
- Air Mauritius / Mr. Rüdiger Knewitz
- SunExpress Airlines / Mr. Michael Buck
- INTERTAX TREUHAND GmbH / Mr. Michael Schmitz
- BARIG Secretary General / Mr. Michael Hoppe

The year-end financial report for 2022 named: "**Annual Accounts as of 31.12.2022 – BARIG Board of Airline Representatives in Germany e.V.**", as prepared by INTERTAX TREUHAND GmbH, BARIG's accounting consultant, was used as the basis for the audit procedure.

The Profit and Loss Statement for the financial year 2022 shows a net income after taxes of 69,396.79 EUR.

As of December 31, 2022, BARIG held the following bank accounts:

| Account No. | Institute | Balance in EUR |
|-------------|--|-------------------|
| 6300019704 | Frankfurter Volksbank eG (Current Account) | 731,307.18 |
| 3600011714 | Frankfurter Volksbank eG (Overnight Account) | 79,358.57 |
| 3600011722 | Frankfurter Volksbank eG (Overnight Account) | 57,559.51 |
| - | Petty Cash | 0.00 |
| 8742731309 | Volksbank Paderborn-Höxter-Detmold eG (Escrow) | 12,344.63 |

Conclusion

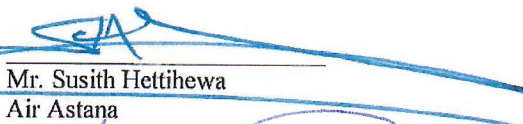
Audit Team 2022 approval and recommendation for the BARIG Full Board on May 16, 2023

The 2022 BARIG Audit Team conducted a detailed audit of the year-end financial report on April 18, 2023. The presented 2022 accounting documentation and designated profit reserves did not present any reasons for disapproval or denial.

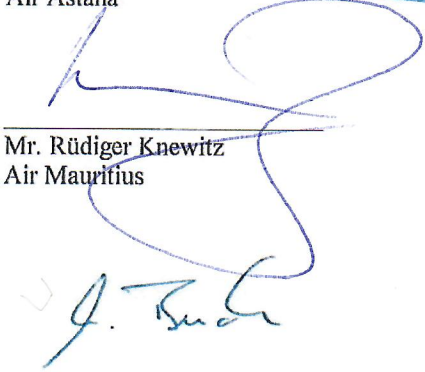
The BARIG Audit Team 2022 recommends to the BARIG Full Board on May 16, 2023, to formally vote and discharge the BARIG Secretary General, BARIG Chairman and the BARIG Executive bodies for the fiscal year 2022.

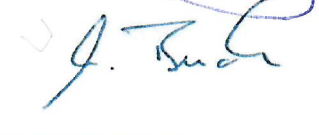
Frankfurt am Main, April 18, 2023

The Audit Team:


Mr. Susith Hettihewa
Air Astana

19/04/2023


Mr. Rüdiger Knewitz
Air Mauritius


Mr. Michael Buck
SunExpress

Enclosed: Financial statements as of December 31, 2022