

# ANNUAL REPORT



2022/2023

Book | Pay | Check-In Online

Get it on



[www.ethiopianairlines.com](http://www.ethiopianairlines.com)

**Ethiopian**  
የኢትዮጵያ

A STAR ALLIANCE MEMBER 

# AWARD WINNING AIRLINE



**BEST AIRLINE IN AFRICA FOR 5 YEARS IN A ROW**



**BEST BUSINESS AND ECONOMY CLASS  
AIRLINE IN AFRICA FOR 4 YEARS IN A ROW**



**BEST BUSINESS CLASS ONBOARD  
CATERING IN AFRICA**

# Contents

Page

• Board Directors	6
• The Winning Soccer Team (WST)	10
• Group CEO Message	13
• Mission Statement	14
• Awards	16
• Graduation EAA	17
• Infrastructures	21
• Cargo	22
• Maintenance, Repair and Overhaul (MRO)	24
• Catering	26
• Ethiopian Aviation Academy	28
• Efficient Ground Service Operation	30
• Skylight Hotel	34
• AirportService	36
• Financial Report	38

# GLOBAL CONNECTOR OF PEOPLE



# AND GOODS WITH AWARD WINNING SERVICES



# ETHIOPIAN AIRLINES GROUP MANAGEMENT BOARD





**Lt. General Yilma Merdasa**  
Board Chairman



**Mr. Teklewold Atnafu**  
Board V/Chairman



**Mr. Temesgen Tiruneh**  
Board Member



**Mrs. Yasmin Wohabrebbi**  
Board Member



**Mr. Tadesse Tilahun**  
Board Member



**Mr. Retta Melaku**  
Board Member



**Mr. Alemayehu Assefa**  
Board Member

# EXECUTIVE MANAGEMENT







**Mesfin Tasew**  
Group Chief Executive Officer,  
Ethiopian Airlines

Mr. Mesfin Tasew was appointed as Group Chief Executive Officer of Ethiopian Airlines in March 2022.

He joined Ethiopian in 1984 as Associate Engineer and progressed through the ladder and served in supervisory and managerial positions in the Aircraft Maintenance and Engineering areas. In 1997 and 1999, he was appointed as Director Operations & Technical Systems Support and Chief Information Officer, respectively.

In 2006, he was appointed as Vice President of Maintenance and Engineering. Mr. Mesfin also served as Chief Operating Officer of Ethiopian Airlines from 2010 – 2021, and Chief Executive Officer of ASKY Airlines from April 2021 to March 2022.

Mr. Mesfin also serves as a member of the International Air Transport Association (IATA) Board of Governors.

He holds BSc and MSc Degrees in Electrical Engineering from Addis Ababa University. He also holds Master's in Business Administration (MBA) from Open University in the UK.

*Mesfin Tasew*  
*Group Chief Executive Officer,*  
*Ethiopian Airlines*



**Mr. Retta Melaku**  
Chief Operating  
Officer



**Mr. Lemma Yadecha**  
Chief Commercial  
Officer



**Mr. Meseret Bitew**  
Chief Financial  
Officer



**Mr. Mengistu Bezie**  
VP Internal Audit, QMS,  
SMS, Compliance and  
Business Sustainability



**Mrs. Zenebework  
G/Tsadik**  
Group VP HRM



**Mr. Michael Yared**  
VP Customer Service



**Mr. Getinet Tadesse**  
Chief Information  
Officer



**Mr. Genanaw Assefa**  
VP Legal Counsel &  
Corporate Secretariat



**Mrs. Rahel Assefa**  
VP Marketing



**Capt. Yoseph Hailu**  
VP Flight Operations



**Mr. Daniel Abebe**  
Group VP Strategic  
Planning & Alliance



**Mr. Hailemeleket  
Mamo**  
VP ET Holiday, Digital  
Sales and GCIC



**Mr. Eskinder Alemu**  
CEO Ethiopian Airports



**Mr. Kassie Yimam**  
MD Ethiopian Aviation  
Academy



**Mr. Kidus Melkamu**  
MD Ethiopian MRO  
Services



**Mr. Abel Alemu**  
MD Ethiopian Cargo  
& Logistics Services



**Mr. Mesfin Biru**  
MD Ethiopian  
International Services



**Mr. Girma Kebede**  
MD Ethiopian Ground  
Services

# GROUP CEO MESSAGE

The 2022/23 fiscal year has been a period where Ethiopian Airlines Group maintained its successful journey of registering excellent achievements across its business units, surpassing the pre-pandemic level under the elegant leadership of the newly appointed executives in early 2022.

In the fiscal year, Ethiopian transported around 14 million passengers and 714,000 tons of cargo to its vast global destinations scattered across five continents. The number of our modern aircraft grew to more than 145 while we registered a revenue of 6.13 billion USD in the just ended fiscal year.

The vast Ethiopian global network continued to grow amidst the fiscal year. Halted flights to Bulawayo, Medina, Kuala Lumpur, and Abidjan-New York were reinstated while new passenger services to Amman, Atlanta, Chennai, Copenhagen, Singapore, Karachi, Zurich, and freighter services to Casablanca, Shenzhen, and Xiamen were started.

As our operations continue growing to reach new heights, we have worked on enhancing our capacity in terms of fleet size in the 2022/23 fiscal year. We recorded a landmark order of 84 modern aircraft with Airbus and Boeing, worth USD 23 billion at List Price at the Dubai Airshow in November of 2023. These orders will gear up Ethiopian for the capacity that it aims to achieve through Vision 2035.

While our orders are inline, we have started partnering with financial institutions to support our growth strategy. In December of 2023, we have signed an agreement with Citi for a 450 million USD loan, for five new aircraft.

The fiscal year also hosted Ethiopian Aviation Academy's upgrade to a university level. Following the upgrade, EAU is now offering undergraduate and postgraduate programs in various aerospace and hospitality fields. The university will help sustain the group's growth through training the human capital that will carry out the strategic plan.

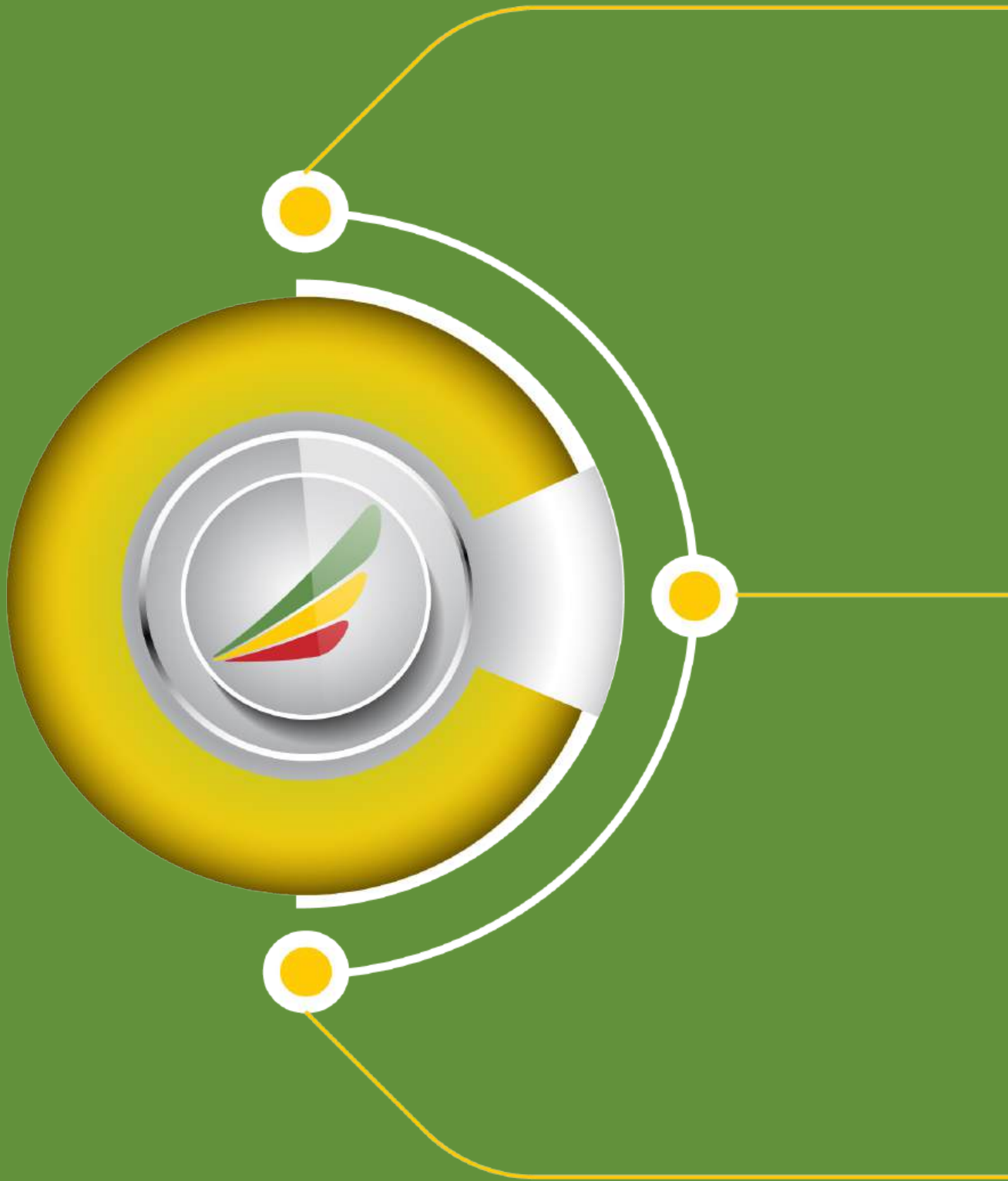
Ethiopian received multiple prestigious awards in 2022/23 fiscal year in various categories such as "Best Airline in Africa 2023" for 6th consecutive year, "Best Business Class Airline in Africa 2023" for 5th consecutive year, "Best Economy Class Airline in Africa 2023" for 5th consecutive year, "Best Business Class Onboard Catering in Africa 2023" for two years in a row, "Cargo Airline of the Year 2023" for two years in row and "Best Cargo Arline – Africa 2023" for five years in row to name a few.

The fiscal year has had its own challenges however, through the collaborative performance of Ethiopian Airlines Group's more than 18000 hardworking employees we recorded yet another successful year. Ethiopian Airlines management and employees worked in synergy to keep the group winning and lay the foundation to the company's 15-year strategic plan 'Vision 2035'.

Having begun a new fiscal year, we will continue our hard work towards maintaining our business sustainability, overcoming challenges along the way. Our industry is prone to uncertainty specially when it comes to our largest expense, fuel price.

Regardless of the type of challenge our industry in general and our airline in particular may face, I am confidence in our 78 years of experience and the dedication of our hard-working employees to weather through it all.

# MISSION STATEMENT



# VISION

Vision 2025:

To become the most competitive and leading aviation group in Africa by providing safe, market driven and customer focused passenger and cargo transport, aviation training, flight catering, MRO and ground

# MISSION

To become the leading Aviation group in Africa by providing safe and reliable passenger and cargo air transport, Aviation Training, Flight Catering, MRO and Ground Services by 2025.

To ensure being an airline of choice to its customers, employer of choice to its employees and an investment of choice to its Owner,

To contribute positively to socio economic development of Ethiopia in particular and the countries which it operates in general by undertaking its corporate social responsibilities and providing vital global air connectivity,

# VALUES

As an airline, safety is our first priority,

Ethiopian is a high performance and learning organization with continuous improvements, innovation and knowledge-sharing. We accept change for the growth opportunity it brings and always seek for and apply the best ideas regardless of their source,

We recognize and reward employees for their performance and demonstrate integrity, respect to others, candor and team work, Act in an open fashion and be result-oriented, creative and innovative, Adopt Zero tolerance to indifference, inefficiency and bureaucracy,

Encourage 360° free flow and sharing of information, Treat our customers the same way we would like to be treated and always look for ways to make it easier for customers to do business with us, We are an equal opportunity employer

# AWARDS

- Ethiopian proved to be a Multi-Award Winner receiving recognition from reputable organizations.
- Ethiopian Remains to be Africa's Leading Airline at SKYTRAX and has been crowned with five prestigious accolades at the SKYTRAX 2023 World Airline Awards for:-
- Best Airline in Africa for six years in row,
- Best Business Class Airline in Africa for five years in row,
- Best Economy Class Airline in Africa for five years in row,
- Best Business Class Onboard Catering in Africa for two years in row and
- Cleanest Airline in Africa
- Best Overall in Africa Award - APEX Passenger Choice Awards 2023
- Sustainable Cargo airline of the Year -Africa - Freight Week Sustainability Awards 2023
- African Cargo Airline of the Year and Air Cargo Brand of the Year in Africa - STAT Trade Times Cargo Excellence Awards 2023
- Outstanding Food Services by a Carrier - PAX International Readership Awards 2023
- Ethiopian Airlines has been crowned with two prestigious awards at Air Cargo News Awards 2022, 'Cargo Airline of the year' and 'Best Cargo Airline- Africa'
- Best Entertainment and Best Cabin Service awards on APEX 2022 Regional Passenger Choice Awards
- SKYTRAX World Airline Awards for six years in a row as 'Best Airline in Africa' and in various other categories.
- Business Traveller Awards for several years in a row as 'Best African Airline', and in various categories.
- 2023 APEX Passenger Choice Awards, winner of 'Best Overall in Africa Award'.
- Air Cargo News Awards 2023, winner of Cargo Airline of the Year 2023 for two years in row and Best Cargo Arline – Africa for five years in row.
- Arabian Cargo Awards, 'Best Cargo Airline-Africa'





# GRADUATION EAA

- Ethiopian Aviation Academy Holds First of its kind Virtual Graduation Ceremony Ethiopian Aviation Academy, the largest and the most modern aviation training academy in Africa, has graduated 558 aviation professionals on a graduation ceremony that was held in a virtual environment for the first time due to COVID-19 pandemic. The graduates include 72 pilots, 173 cabin crew, 7 aircraft technicians and 306 marketing professionals from six countries including Ethiopia.
- Ethiopian Aviation Academy, the largest Aviation Academy in Africa, in collaboration with Open University of UK has graduated fifteen management staff in Master of Business Administration /MBA/ on Saturday, June 12, 2021. The graduates are higher management staff of the airline who have been attending the MBA program in the UK's Open University.

# ROUTE AND FREQUENCY

## Destination frequency

---

- Ethiopian Launch's new passenger service to Amman, Jordan, with thrice weekly as of September 2022
- Ethiopian Launch's new service to Bulawayo, Zimbabwe, via Victoria falls with Four weekly passenger as of 30 October 2022. A third destination city in Zimbabwe after Harare and Victoria Falls and a third new destination opened after the pandemic.
- Ethiopian Launch's new passenger service to Zürich with thrice weekly as of 31, October 2022
- Ethiopian Launch's new passenger service to Chennai, India with thrice weekly as of 02 July 2022
- Ethiopian Launch's resume passenger service to Singapore with four times a week as of 25 March 2023

# TECHNOLOGY DEVELOPMENT

- Ethiopian Airlines Group, the Largest Aviation Group in Africa, is pleased to introduce an upgraded chat-bot for domestic and international flight uses. The Ethiopian chat-bot, dubbed “Lucy” is equipped with various self-service features that will enable passengers to easily process their travel needs.
- Ethiopian Airlines Group, the leading aviation group in Africa, establishes a global standard cargo Conversion program to convert the B-767-300 ER to dedicated freighter services in partnership agreement with Israel Aerospace Industries (IAI).

# ROUTE AND FREQUENCY

## Destination frequency

---

Ethiopian Airlines, Africa’s leading carrier, commenced thrice-weekly passenger service to Washington DC via Lomé, Togo as of 01 June 2022. The new flight increases the frequency of Ethiopian Airlines’ flights to Washington DC to 10 from the existing seven weekly flights it operates via Dublin.



# MEGA

## INFRASTRUCTURE DEVELOPMENTS

## INFRASTRUCTURES

- Ethiopian Expands Its Global Hub - Addis Ababa Bole International Airport, unveils its new Aviation Infrastructure blending Modernity with Bio Safety The new terminal has check-in hall with sixty check-in counters, thirty self-check-in kiosks, ten self-bag drop/SBD/, sixteen immigration counters with more e-gate provisions, sixteen central security screening areas for departing passengers are the new faces of the airport. In addition, it has three contact gates for wide body aircraft along with ten remote contact gates with people mover - traveller, escalator, and panoramic lifts. It will house thirty-two arrival immigration counters with eight e-gate provisions at the mezzanine floor level.
- Ethiopian Airlines, the multi-award winning and largest airline in Africa, has become the first airline in Africa and the Middle East to successfully carry out the GENx-1B engine correlation test.

## ETHIOPIAN CARGO & LOGISTICS SERVICES

Ethiopian Cargo and Logistics services is the largest cargo network operator in Africa and has won multiple global awards including Best Cargo Airline of the year by Air Cargo News for 2 years in a Row. Currently with our 10 - Boeing 777-200F, 2- Boeing 767-300F and 4 -Boeing 737-800F dedicated freighters and 130+ passenger aircrafts, we serve 68 cargo and 135 passenger destinations in Africa, the Middle East, Asia, Europe and the Americas with an average daily uplift of over 2000 tons of which over 611 tons is transported in a belly hold capacity. With its well experienced and dedicated human capital, it has achieved the highest aircraft daily utilization over 17 hours on its B777F's. With a modern warehouse of one million tons annual storage capacity, fully automated with state-of-the-art technologies, Ethiopian Cargo is providing its service globally. Through a revision of its vision 2025, Ethiopian Cargo and Logistics Services is planning to grow its cargo network to 95 destinations and operate 37 freighter aircrafts by 2035.





## MAINTENANCE, REPAIR AND OVERHAUL (MRO)

The scale of the MRO operation at Ethiopian is mesmerizing. It is the largest MRO service in Africa and serves majorly Africa and the Middle East. The facility is fully equipped with state-of-the-art paint and maintenance Hangars, Engine and Component Maintenance workshops with all tools and equipment required to maintain aircraft, engines, and components. Even if you have flown numerous times, you might not have fully appreciated the size of the largest civil jet engines until you are up close with these huge engines as you walk through the engine maintenance workshop. Established in 1957, Ethiopian MRO provides base maintenance service at its base in Addis Ababa and Line Maintenance services at stations where Ethiopian flies and extends the services to other operators. The facility is certified by the ETCAA, FAA, EASA and more than 20 countries CAA. Ethiopian MRO offers world-class services to its customers and helps make Ethiopian one of the most dependable and safest airlines in the world.







Ethiopian Airlines  
Maintenance Overhaul

BOEING 787-8

ET-ATJ

የኢትዮጵያ

REAM LINER



## ETHIOPIAN CATERING

Ethiopian In-Flight catering facility has a capacity to produce 100,000 meals a day. The facilities are modern and fully equipped to deal with high demand. Good food is important to our discerning customers. Ethiopian In-Flight Catering is dedicated to delivering high-quality service and part of that is delivering high quality dining and beverage options. The new menus give customers the choice of local Injera, a vegan option, and a variety of world cuisines including Chinese, Halal, Kosher and Indian to Italian.





# Ethiopian የኢትዮጵያ Aviation Academy

PIONEER OF AVIATION EXCELLENCE

Ethiopian Aviation Academy (EAA) is the largest and most modern aviation academy in Africa recognized as ICAO Regional Training Center of Excellence. To train aviation professionals from classrooms to full flight simulator training, EAA offers leading industry standard training for pilots, aircraft technicians, cabin attendants and ground services staff both for initial and recurrent students. The Leadership & Career Development Center is also training thousands in Management and Leadership Skills.

Our cabin crew training simulates real-time scenarios with training aircraft designed for emergency drills and service trainings. Our pilot training school uses light aircraft for its basic training with dedicated simulators. Full flight simulators of all fleets Ethiopian operate are available for flight training. Virtual Maintenance Trainers (VMTs) and various workshops feature our aircraft maintenance training. Beyond these, our academy develops standard training packages including e-learning and virtual classroom trainings. Trainee services include a trainee's cafeteria, dormitories, an administration complex and a plush new auditorium. The academy plans to take in 4,000 students a year in its training programs.

In line with the rapid growth of Ethiopian Airlines Group, Ethiopian Aviation Academy has been upgraded to Ethiopian Aviation University, which will enable it to provide a broader range of educational programs and increase the level of expertise in the Aviation Industry. The University has been accredited by the Ethiopian Higher Education Relevance and Quality Agency (HERQA), to offer undergraduate and graduate degree programs in various aviation and hospitality fields.

## FULL FLIGHT SIMULATOR

These are the most technologically advanced aircraft as a sign of the company's commitment to leading Africa's aviation industry. We have simulators for all the aircraft we fly; A350, B787, B777, B767/B757, B737 MAX & NG and Q400.





# ETHIOPIAN GROUND SERVICES



Ethiopian Ground Service is the leading provider of ground handling services in HAAB. We currently handle all Ethiopian flights, over 6 scheduled flights, other airline Cargo flights, and several non-scheduled airline operations. With a vision to expand to African airports through joint venture partnerships and acquisitions by 2025, Ethiopian Ground Services covers all aspects of ground services necessary to handle the arrival and departure processes of airlines in Addis Ababa and domestic airports. We have modern ground support equipment and highly trained and committed staff. Our customer airlines handling and business development section strategy is to emphasize the quality of its professionals on Ground Handling services through adequate training and market development with all our network.

Ethiopian Ground Service is the most organized Ground Handling business unit in terms of human and equipment resources, striving to attain seamless operational excellence at the HUB. Ethiopian Ground Services is a reliable and efficient provider of comprehensive ground handling services. The services include all ground handling services including VIP flight handling, and we are committed to delivering quality service that meets our customers' needs and expectations. We strive to always provide a satisfying experience to all our clients.

Per Vision 2035, Ethiopian Ground Services aims to be the most efficient service provider in Africa with the highest standard of safety and quality service. Currently, Ethiopian Ground Services supports and satisfies the hub operation in Addis Ababa and plans to expand its services to African airports to meet the fast-growing demand for ground handling services. Our objective is to provide high-quality ground-handling Services that meet and exceed international standards ensuring efficiency and excellence in service delivery. As a Ground Handling company, we are tasked mainly to support the Ground Operations of Airlines that have made Ethiopia as one of their destinations.

# BEAT THE QUEUE CHECK-IN HERE!







# Ethiopian የአት-ዮጵያ SKYLIGHT HOTEL

## ETHIOPIAN SKYLIGHT HOTEL

Ethiopian Skylight Hotel is Ethiopian Airlines Group's ultra-luxurious Five-Star hotel. The hotel stands majestically just five-minute walk away from Addis Ababa Bole International Airport. With a total room capacity of 1024 rooms ranging from standard to premium and an added feature for Executive Suites, Presidential Suits, Persons with limited mobility and Apartments, Ethiopian Skylight Hotel is one of the largest hotels in the African continent.

The stunning rooms were designed with relaxing and superb designs that are suitable for both corporate and leisure travelers.

Apart from the facility located outside the airport, Ethiopian also has an ultra-luxurious hotel within the Addis Ababa Bole International Airport Departure Terminal 2 (Ethiopian Skylight In-Terminal Hotel) which is suitable for all air travelers transiting through Addis Ababa Bole International Airport with a capacity of 97 rooms: having conference rooms, restaurant, gym and other facilities.

Email: [reservation@ethiopiaskylighthotel.com](mailto:reservation@ethiopiaskylighthotel.com)

Tel: +251116818181

[www.ethiopiaskylighthotel.com](http://www.ethiopiaskylighthotel.com)







## ETHIOPIAN AIRPORTS

It is separate from the Ethiopian Civil Aviation Authority (which was one department) and was established in 2003 as a government development and profit-making enterprise. It is mainly established to construct, maintain, and administer airports in Ethiopia with the budget generated from the revenue collected for its aeronautical and non-aeronautical services. Generally, it has been established to satisfy the demand for air transportation across the country and administer all domestic and international airports.



Since July 2017, the enterprise has been merged with Ethiopian Airlines Group as a Strategic Business Unit (SBU) by the Council of Ministers Regulation No. 406/2017.

Currently, Ethiopian airports administers Four International and 18 Domestic Airports in the country.

Ethiopian Airports have made huge expansion work at Addis Ababa, Bole

International Airport, and other domestic airports like Bahirdar Int'l airport, Kombolcha, Demibidolo, Bale Robe, Gode, Jinka. Additionally, it is working to start a construction work to build Mega Hub International Airport and 6 new domestic airports at Nekemet, Gore-Metu, Debre Markos, Mizan-Aman, Negele-Borena, Yabello Airports. Ethiopian Airports are also planning to develop its capacity on the way to manage and consult airports in Africa part of our strategic plan of 2035.



# FINANCIAL REPORT



የሒሳብ ምርመራ  
አገልግሎት ኮርፖሬሽን



**AUDIT SERVICES  
CORPORATION**

**ETHIOPIAN AIRLINES GROUP**  
**INDEPENDENT AUDITOR'S REPORT**  
**AND**  
**FINANCIAL STATEMENTS**  
**30 JUNE 2023**



በኢትዮጵያ ፌዴራላዊ ዲሞክራሲያዊ ሪፐብሊክ  
የሂሳብ ምርመራ አገልግሎት ኮርፖሬሽን  
**The Federal Democratic Republic of Ethiopia  
Audit Services Corporation**

**INDEPENDENT AUDITOR'S REPORT TO THE  
SUPERVISING AUTHORITY OF  
ETHIOPIAN AIRLINES GROUP**

**Report on the Audit of the Financial Statements**

*Opinion*

We have audited the financial statements of Ethiopian Airlines Group (Ethiopian), which comprise the statement of financial position as at 30 June 2023, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Ethiopian Airlines Group as at 30 June 2023 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

*Basis for Opinion*

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the financial statements* section of our report. We are independent of Ethiopian in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants (IESBA Code)* together with the ethical requirements that are relevant to our audit of the financial statements in Ethiopia, and we have fulfilled our other ethical responsibilities in accordance with those requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Key Audit Matters*

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be a key audit matters to be communicated in our report.

*asc*



☎ 251-011-5515222  
251-011-5535012  
251-011-5535015  
251-011-5535016

Fax 251-011-5513083

E-mail: [ASC@ethionet.et](mailto:ASC@ethionet.et)  
website [www.ascethiopia.com](http://www.ascethiopia.com)

☎ 5720



**INDEPENDENT AUDITOR'S REPORT TO THE  
SUPERVISING AUTHORITY OF  
ETHIOPIAN AIRLINES GROUP (continued)**

*Key Audit Matters* (continued)

**A. Passenger and cargo revenue recognition**

The accounting for passenger revenue recognition for each flight requires complex IT systems and involves the exchange of information with industry systems and other airlines for a high volume of transactions. There are risks that operating revenue may not be appropriately and completely recognized. In response to the assessed risk, we have tested the operating effectiveness of key controls designed for the passenger revenue process. We have analyzed the flow of transactions from ticket sales to passenger revenue. We have also identified and tested manual postings to passenger revenue. We have tested a sample of passenger tickets to ensure that the revenue was recognized in the correct period. Our testing did not identify major weaknesses in the design and operation of controls that would have required us to expand the nature or scope of our planned detail test work. Overall, we found no concerns in respect to the recording of revenue at appropriate values.

**B. Long term loans**

Long term loans may not be recorded in the correct amounts or may not be recorded at all; they may not be properly classified and disclosed in the financial statements. There are risks that accrued interest may not be properly recorded. In response to these risks, we checked Board minutes, selected loan agreements, loan disbursement tables and confirmed that loan balances were recorded in the appropriate amounts and timing. The translation of the amounts of loans denominated in foreign currencies into the presentation currency were checked, as was the treatment of gains and losses on foreign exchange in accordance with IFRS. Balance confirmations were requested of lenders and the replies compared with the accounting records. The classification of the current maturities of the loans was tested. Our audit procedures did not identify major weaknesses and, overall, we found no concerns in respect to the recording of long term loans.

***Responsibilities of Management and Those Charged with Governance for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing Ethiopian's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the group financial reporting process.

*ACA*



**INDEPENDENT AUDITOR'S REPORT  
TO THE SUPERVISING AUTHORITY OF  
ETHIOPIAN AIRLINES GROUP (continued)**

*Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Ethiopian's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or condition that may cast significant doubt on the Ethiopian's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Ethiopian to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosure, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



**INDEPENDENT AUDITOR'S REPORT  
TO THE SUPERVISING AUTHORITY OF  
ETHIOPIAN AIRLINES GROUP (continued)**

*Auditor's Responsibilities for the Audit of the Financial Statements (continued)*

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Ato Tegegn Hailemariam.

*Audit Services Corporation*

9 January 2024



**ETHIOPIAN AIRLINES GROUP**  
**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 30 JUNE 2023**

	Notes	Birr	2022 Birr
Revenue	4(a)	332,315,015,044	253,055,649,189
Other Income	4(b)	8,985,619,395	9,472,330,733
Operating Expense	5	(281,842,149,682)	(205,274,618,669)
<b>GROSS OPERATING PROFIT</b>		<b><u>59,458,484,757</u></b>	<b><u>57,253,361,253</u></b>
Finance Income	12 (a)	1,414,560,526	189,509,624
Finance Costs	12 (b)	(9,325,511,433)	(8,023,776,931)
Gain/ (Loss) On Foreign Currency Translation	2(e),6	(2,469,670,517)	(1,807,352,972)
<b>NON OPERATING GAIN (LOSS)</b>		<b><u>(10,380,621,424)</u></b>	<b><u>(9,641,620,280)</u></b>
<b>PROFIT FOR THE YEAR</b>		<b><u>49,077,863,333</u></b>	<b><u>47,611,740,973</u></b>
Profit Tax	26	(100,199,949)	(89,646,431)
<b>PROFIT AFTER TAX</b>		<b><u>48,977,663,384</u></b>	<b><u>47,522,094,542</u></b>
<b>Other Comprehensive Income (Loss)</b>			
Items that will not be reclassified to profit or Loss			
Gain (Loss) on Translation from functional To Presentation Currency	2(e),7	9,440,462,389	22,334,085,107
Gain (Loss) on Employee Benefits	22(c)(v)	(37,762,868)	(154,185,208)
		-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b><u>58,380,362,906</u></b>	<b><u>69,701,994,441</u></b>



**ETHIOPIAN AIRLINES GROUP**  
**STATEMENT OF FINANCIAL POSITION**  
**AS OF 30 JUNE 2023**

	Notes	Birr	2022 Birr
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	2(f),(g),9	341,933,377,577	303,571,372,068
Intangible Assets	2(i),10	302,019,432	373,936,129
Right of use assets	2(d),29a	136,587,648,647	129,496,330,749
Investment in associates	2(q),11	1,552,202,339	807,109,587
Standing deposits	13	26,793,759,669	23,455,712,382
Employee loan receivables	2(k),14	412,834,199	434,445,235
		<b><u>507,581,841,863</u></b>	<b><u>458,138,906,150</u></b>
<b>CURRENT ASSETS</b>			
Stock	2(p),15	13,027,394,659	10,366,093,800
Trade and other receivables	2(k),16	47,258,393,258	33,627,252,086
Employee loan receivables	2(k),14	71,367,752	94,661,024
Short term investments	17	46,767,820,460	24,669,249,504
Cash and cash equivalents	2(r),18	55,497,823,588	50,387,708,586
		<b><u>162,622,799,717</u></b>	<b><u>119,144,965,000</u></b>
<b>TOTAL ASSETS</b>		<b><u>670,204,641,580</u></b>	<b><u>577,283,871,150</u></b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Authorized - <u>Birr 300,000,000,000</u>			
Paid up capital	19	214,142,922,605	165,065,259,225
Retained Earning			
Other comprehensive income	7	73,062,148,831	63,621,686,442
<b>TOTAL EQUITY</b>		<b><u>287,205,071,436</u></b>	<b><u>228,686,945,667</u></b>
<b>NON-CURRENT LIABILITIES</b>			
Long term loans	2(k),20	117,911,125,253	111,818,383,491
Provision for maintenance	2(n),21	2,455,271,365	2,044,345,656
Lease liabilities	2(d),29b	120,325,816,582	114,682,360,292
Employee benefit	2(w),22	1,258,707,090	985,585,048
Deferred Tax Liability	23	(6,604,560)	20,576,459
Deferred liabilities	24	2,301,061,045	2,254,377,090
		<b><u>244,245,376,775</u></b>	<b><u>231,805,628,036</u></b>
<b>CURRENT LIABILITIES</b>			
Trade and others Payables	2(k),25	30,960,913,374	26,663,927,607
Contract Liabilities	30	66,625,544,521	50,167,440,858
Profit Tax Payable	26(d)	116,677,427	68,202,619
Current Maturity of Lease Liabilities	2(d),29b	21,860,611,918	19,147,007,022
Current Maturity of Long Term Loans	2(k),20	19,190,446,129	20,744,719,341
		<b><u>138,754,193,369</u></b>	<b><u>116,791,297,447</u></b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b><u>670,204,641,580</u></b>	<b><u>577,283,871,150</u></b>



**ETHIOPIAN AIRLINES GROUP**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 30 JUNE 2023**



	<u>Paid up capital</u> Birr	<u>Retained Earning</u> Birr	<u>Other comprehensive income (loss)</u> Birr	<u>Profit</u> Birr	<u>Total</u> Birr
<b>Balance at 30 June 2021</b>	100,000,000,000	17,538,987,131	41,287,601,336	-	158,826,588,467
Profit for the year				47,522,094,542	47,522,094,542
Transfer to capital		47,522,094,542		(47,522,094,542)	
Capital Adjustment (Note 28)		4,177,552			4,177,552
Other comprehensive income(loss)			22,334,085,107		22,334,085,106
<b>Balance at 30 June 2022</b>	<u>100,000,000,000</u>	<u>65,065,259,225</u>	<u>63,621,686,442</u>	<u>-</u>	<u>228,686,945,667</u>
Profit After Tax				48,977,663,380	48,977,663,380
Retained Earning	65,065,259,225	(65,065,259,225)			-
Transfer to capital	48,977,663,380			(48,977,663,380)	-
Government Subsidy (Note 28)	100,000,000				100,000,000
Other comprehensive income(loss) (Note 7)			9,440,462,389		9,440,462,389
<b>Balance at 30 June 2023</b>	<u>214,142,922,605</u>	<u>-</u>	<u>73,062,148,831</u>	<u>-</u>	<u>287,205,071,436</u>

**ETHIOPIAN AIRLINES GROUP**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30 JUNE 2023**

	Note	Birr	2022 Birr
<b>Net Cash Flows From Operating Activities</b>	<b>27</b>	<b>108,866,345,331</b>	<b>121,085,145,394</b>
<b>Cash Flows From Investing Activities</b>			
Interest received		1,309,966,248	247,807,953
Payments for property, plant and equipment		(18,017,055,606)	(19,010,212,202)
Change in investment in associates		(745,092,752)	(524,441,991)
Increase in standing deposits		(3,338,047,287)	(7,369,469,571)
Payment for short term investment		(22,098,570,958)	(24,668,104,624)
Payment for intangible assets		(63,301,223)	(148,033,794)
<b>Net cash used in investing activities</b>		<b><u>(42,952,101,579)</u></b>	<b><u>(51,472,454,229)</u></b>
<b>Cash Flows From Financing Activities</b>			
Proceed from government subsidy		100,000,000	4,177,552
Interest paid on Lease Liabilities		(4,686,474,564)	(4,724,039,909)
Repayment for lease Liabilities		(16,194,442,208)	(14,312,880,938)
Repayment of borrowings		(29,344,736,336)	(30,962,843,729)
<b>Net cash generated from financing activities</b>		<b><u>(50,125,653,108)</u></b>	<b><u>(49,995,587,024)</u></b>
Effects on Translation from functional To Presentation Currency		(2,159,373,479)	(4,330,707,181)
<b>Increase in cash and cash equivalents</b>		<b><u>13,629,217,165</u></b>	<b><u>15,286,396,959</u></b>
Cash and cash equivalents at the beginning of the year		50,387,708,586	35,101,311,627
<b>Cash and cash equivalents at the end of the year</b>		<b><u>64,016,925,751</u></b>	<b><u>50,387,708,586</u></b>
<b>Cash and bank balances</b>		<b><u>55,497,823,588</u></b>	<b><u>50,387,708,586</u></b>



**ETHIOPIAN AIRLINES GROUP  
NOTES TO THE FINANCIAL STATEMENTS  
30 JUNE 2023**

**1. BUSINESS DESCRIPTION**

Ethiopian Airlines Group was originally established in June 1945 and had its first scheduled flight in April 1946. It is the flag carrier of the country and during the year served 123 international and 22 domestics' destinations.

The Airline was established as a public Enterprise in Ethiopia in 1995 by council of Ministers regulations NO.216/1995 and is governed further by Council of Ministers Regulations No.406/2017. Its principal place of business is in Addis Ababa Ethiopia, and it has area and station offices all over the world. Ethiopian Airlines Group is wholly owned by the Government of the Federal Democratic Republic of Ethiopia.

Ethiopian airlines group follows multi business model to get advantage of buying another company so that they can give complete services for our customers. The airline business is mainly six-freedom traffic /permit to fly different countries / whereby passengers passes through the main hub Addis Ababa and layover and connect next flights. Then they can stay near to airport to its own hotel.

Ethiopian Airlines Group was established for the following purposes:

- To provide domestic and international air transportation services as well as general aviation services.
- To manufacture and repair aircraft and aircraft parts
- To construct, expand, maintain, and administer airports
- To provide aviation training services
- To provide airport Services (landing, parking, lighting, Passenger services and terminal facility)
- To provide hotel, recreational and other tourism services related to the aviation industry or invest in such services through equity participation
- To engage in other related activities necessary for the attainment of its purpose.





**ETHIOPIAN AIRLINES GROUP**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**30 JUNE 2023**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A summary of the significant accounting policies, which have been applied consistently in the preparation of these financial statements, are set out below.

**A. Basis of preparation**

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretation issued by the IFRS interpretation committee applicable to companies as issued by International Accounting Standards Board. The measurement basis applied is the historical cost basis, except where otherwise stated in the accounting policies below. The financial statements comprise the statement of profit or loss and other comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and the notes to the financial statements.

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions. It also requires for management to exercise judgment in the process of applying the Ethiopian Airlines Group's accounting policies. The areas involving a high degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

**B. Going concern**

Management has assessed the Ethiopian airlines group ability to continue as a going concern and is certain that it has the resources to continue in business for the near future.

**C. Changes in accounting policies and disclosures**

New standards, amendments to published standards and interpretations that are relevant to Ethiopian airlines group:

**New Standards Effective and applied in the current year**

Certain new standards or amendments became effective for the current year. These are as follows

Amendments to IFRS 3 Reference to conceptual framework

Amendments to IAS 16 Property plant and equipment Proceeds before Intended use

Amendment to IAS 37 Onerous Contracts -Cost of Fulfilling a contract

These amendments did not have a material impact on these financial statements.



**ETHIOPIAN AIRLINES GROUP**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**30 JUNE 2023**

**Not yet effective and have not been early adopted**

At the date of authorisation of these financial statements, certain new accounting standards have been published that are not mandatory for the financial year ended 30 June 2023 and have not been early adopted. The following new standards impact not assessed:

Title	Effective date (annual periods beginning on or after)	Impact on financial statement assessment status
Insurance Contracts IFRS 17	1-Jan-23	Impact not assessed
Disclosure of Accounting policies (Amendments to IAS 1)	1-Jan-23	Impact not assessed
Definition of Accounting Estimates (Amendments to IAS 8)	1-Jan-23	Impact not assessed
Differed tax related to asset and liabilities arising from a single transaction (Amendments to IAS 12)	1-Jan-23	Impact not assessed

**D. Lease**

The group recognises right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Ethiopian airlines Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using weighted average borrowing rate, which is the rate of interest that the Group would have to pay for long term loans for financing of similar assets for a similar value to the right of use asset in a similar economic environment. the right-of-use assets and liability are presented as a separate line in the statement of financial position.



**ETHIOPIAN AIRLINES GROUP**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**30 JUNE 2023**

**E. Foreign currency translation**

**I - Functional and presentation currency**

The functional currency of the Ethiopian Airlines Group is United States Dollar (USD) while that of Ethiopian Airports and Ethiopian SkyLight Hotel (the operating segment under Ethiopian Airlines Group) is Ethiopian Birr. These financial statements are presented in Ethiopian Birr.

**II - Foreign currency transactions and balances**

All foreign currency transactions are recorded, on initial recognition in USD, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of each reporting period, foreign currency monetary items are translated using the closing rates. Foreign exchange gains and losses arising on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements or on the settlement of monetary items are recognized in profit or loss in the period in which they arise. Ethiopian Airlines Group financial statements are presented in Ethiopian Birr by translating all assets and liabilities at the closing rate at the date of the statement of financial position and all revenue and expenses presented in the statement of profit or loss and other comprehensive income are translated at exchange rates at the dates of the transactions. For practical reasons an average rate for a month has been used for all transactions in each foreign currency occurring during the year. All the resultant exchange differences are recognized in other comprehensive income as per the requirements of IAS 21.

**F. Property, Plant, and Equipment**

**Recognition and measurement**

Property, Plant, and equipment are measured at cost, net of accumulated depreciation and accumulated impairment losses, if any.

**Aircraft**

All aircrafts purchased by Ethiopian Airlines Group shall be considered as capital assets and measured at cost including any conversion expenses.

**Aircraft Accessories (Rotables)**

This category of capital assets includes all durable accessories, including but not necessarily limited to engines, propellers, starters, generators. For determination of items falling into this classification



**ETHIOPIAN AIRLINES GROUP**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**30 JUNE 2023**

of assets, an accessory, which can normally be repaired and re-used over the serviceable life of the related type of aircraft shall be considered as durable accessory or Rotable spares.

**Ground Equipment**

This category of capital asset shall include radio field/passenger, Service/ramp equipment, furniture and fixture and are capitalized if the unit cost of the item plus shipping and other purchasing costs are equivalent to Birr 69,607 (USD 1,250) or more.

**Tools**

Tools shall be capitalized if the unit cost of the item plus shipping and other purchasing costs is equivalent to Birr 16,705 (USD300) or more.

**Neon Signs**

Neon Signs shall be capitalized if the unit cost of the item is equivalent to Birr 83,529 (USD1,500) or more.

**Computerized Equipment**

Computerized equipment shall be capitalized if the unit cost of the item plus shipping and other purchasing costs are equivalent to Birr 69,607 (USD 1,250) or more.

**Motorized Vehicles and Equipment**

This category of capital assets shall include all self-propelled and motorized vehicles and mobile equipment and are capitalized at cost.

**Capitalization of modification costs**

Modification expenses on airframes and jet engines will be capitalized if such expenses increase the productivity or extend the serviceable life of the equipment. The detailed are as follows: -

Item	Amount to be capitalized
Jet Airframe	Birr 1,949,017 (USD 35,000.00) and over
Turbo Prop Airframe	Birr 1,392,155 (USD 25,000.00) and over
Twin Otter Airframe	Birr 835,293 (USD 15,000.00) and over
Jet Engine	Birr 835,293 (USD 15,000.00) and over



**ETHIOPIAN AIRLINES GROUP**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**30 JUNE 2023**

**G. Building**

The construction costs of all buildings are capitalized. Subsequent costs of improvement, modification or extension are capitalized only if it is probable that future economic benefits associated with the item will flow to Ethiopian Airlines Group and the cost of the item is over Birr 1,113,724 (USD 20,000). All other repair and maintenance costs are recognized in the statement of profit or loss as incurred.

**Depreciation**

Depreciation is calculated to write off the cost of items of property, plant, and equipment less their estimated residual values using the straight-line method over their estimated useful lives and is generally recognized in profit or loss. Depreciation of an asset begins when it is available for use.

The estimated useful lives of significant items of property, plant and equipment are as follows:

Class of assets	Service Life- Years	Residual Values (% on cost)
Airframe and Engines Jet	18	10
Turbo Propeller	12	10
Twin Otter	10	10
Light Aircraft	9	10
Simulators	12	-
Rotables	As per the life of the respective aircraft	-
Building	35	10
Office furniture and fixture	5	-
Computerized equipment	4	-
Motorized vehicles and equipment	15	-
Ground equipment	5	-
Radio, field passenger's service, hangar, ramp, tools, equipment, and office machines	5	-
Neon Signs	5	-



**ETHIOPIAN AIRLINES GROUP**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**30 JUNE 2023**

**Property, plant and equipment obtained by donation**

Items obtained by donation are recorded based on the price estimation or market value received from either the donors or manufacturers. These items are capitalized if they meet the capitalization policy of Ethiopian Airlines Group.

**H. Land**

Land is recorded separately from the building or runway as non-depreciable asset. The value is determined based on appraisals prepared by external professional valuers.

**I. Intangible assets**

Intangible assets are measured on initial recognition at cost only when future economic benefits are probable. Cost includes the purchase price together with any directly attributable expenditure. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any.

In the case of internally developed intangibles, development expenditure is capitalized if:

- cost can be measured reliably.
- the product is technically feasible and commercially viable.
- Future economic benefits are probable, and there exists an intent and ability to complete the development and to use or sell the asset.

Other research and development expenditures not meeting the criteria for capitalization are recognized in the statement of profit or loss as incurred. Intangible assets are amortized on the straight-line basis over their estimated useful lives between 3 and 7 years.

**J. Impairment of non-financial assets**

At each reporting date, Ethiopian Airlines Group reviews the carrying amount of its non-financial assets (other than deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the assets recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that is largely independent of the cash inflows of other assets or Cash Generating Units (CGU).

When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.



**ETHIOPIAN AIRLINES GROUP**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**30 JUNE 2023**

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sale. 'Value in use' is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risk specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU and then reduce the carrying amount of the other asset in the CGU on a prorate basis.

For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization if no impairment loss had been recognized.

Impairment assessment has been made for aircrafts which are the Ethiopian Airlines Group major non-financial assets. All aircrafts have air worthiness certificate and can operate properly. Furthermore, the value in use of the aircrafts was tested.

**K. Financial Assets and Financial liabilities**

**I. Recognition and Measurement**

Financial assets and liabilities are recognized when Ethiopian Airlines Group becomes a party to the contractual provisions of the instrument.

All financial instruments are classified under amortized cost and measured initially at fair value plus transactions costs that are directly attributable to its acquisition of the respective financial instruments and subsequently measured at amortized cost. Ethiopian Airlines Group has the following classification of financial assets and liabilities.

**Long Term loans**

Ethiopian Airlines Group has foreign long-term loans to finance the purchase of aircrafts under fixed and floating rate with standard interest rates (such as the benchmark rates of LIBOR plus margin) to be paid quarterly. At initial recognition, the loan is measured at fair value minus the transactions cost and subsequently measured at amortized cost discounted using effective interest rate. For loans with floating interest rate, interests are compounded quarterly using the average benchmark rate (LIBOR) for the quarter where interest is accrued and paid to the Loan providers. On subsequent measurement, Ethiopian Airlines Group check if there is any circumstance that



**ETHIOPIAN AIRLINES GROUP**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**30 JUNE 2023**

changes the effective interest rate and re-measure the loans with discounting rate of the effective interest rate.

**Trade Receivables**

Trade receivables are classified under amortized cost, initially recognized at fair value, and subsequently measured at amortized cost using the effective interest method, less provision for impairment. Where provisions made based on expected credit losses (ECL) rather than only incurred credit losses.

**Trade payables**

Trade payables are classified under amortized cost, recognized initially at fair value, and subsequently measured at amortized cost using effective interest method.

**II. De recognition of Financial Assets and Financial Liabilities**

**De recognition of financial assets**

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized when:

The right to receive cash flows from the assets has expired, or Ethiopian Airlines Group has transferred its rights to receive cash flows from the asset or, has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; and either

- a. has transferred substantially all the risks and rewards of the asset, or
- b. Has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

When Ethiopian Airlines Group has transferred its rights to receive cash flows from an asset or has entered a pass-through arrangement and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of Ethiopian Airlines Group continuing involvement in the asset. In that case, Ethiopian Airlines Group also recognizes an associated liability.

The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that Ethiopian Airlines Group has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that Ethiopian Airlines Group could be required to repay.





**ETHIOPIAN AIRLINES GROUP****NOTES TO THE FINANCIAL STATEMENTS (continued)****30 JUNE 2023****De recognition of financial liabilities**

A financial liability is derecognized when the contractual obligations are discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liabilities are substantially modified, such an exchange or modification is treated as de recognition of the original liabilities and the recognition of a New liability, and the difference in the respective carrying amounts is recognized in profit or loss.

**III. Impairment of financial assets**

Ethiopian Airlines Group assesses at each reporting date financial asset or a group of financial assets impairment, which is calculated based on expected loss on the future those loss event has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments, the balance aged more than a year, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

**L. Provisions**

A Provisions is recognized when there is a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

**M. Income Tax**

Ethiopian Airlines Group is exempt from income tax in accordance with a decision of the-Council of Ministers. but one of the operating segments Ethiopian SKYLIGHT HOTEL is required to pay business profit tax in accordance with a decision of the-Council of Ministers.

**I. Current income tax**

The income tax expense of Ethiopian SkyLight Hotel for the year is the tax payable on the current year's taxable income based on the applicable income tax rate in Ethiopian Airlines Group adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses the current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period.



**ETHIOPIAN AIRLINES GROUP**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**30 JUNE 2023**

**II. Deferred tax**

Deferred tax is recognized on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted at the statement of financial position date and are expected to apply when the related deferred tax asset is realized, or the deferred tax liabilities is settled. Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available, against which the temporary differences can be utilized. Deferred tax liabilities are generally recognized for all taxable temporary differences.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

**N. Provision for aircraft maintenance**

Ethiopian Airlines Group operates aircrafts through lease and monthly maintenance reserve payments are paid based on agreed charges on contractual agreements considering block hours, actual flight hours, and cycle to ratio. This amount will cover maintenance cost, which will occur in the future due to the current activities. From past trend analysis, the actual maintenance payments for leased aircrafts vary when compared with the monthly contractual payments when the maintenance is due.

Additional provisions are maintained based on the number of hours flown by each aircraft/engine and an estimated rate for any shortfalls' other than maintenance reserve paid and for those lease aircrafts without maintenance reserve payments.

Ethiopian Airlines Group record this cost as maintenance reserve expense on monthly basis based on actual activities of the aircrafts. The long-term portion of the provision is not discounted to its present value due to uncertainties as the final date of maintenance and costs to be incurred when compared to the estimated rate applied.



**ETHIOPIAN AIRLINES GROUP**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**30 JUNE 2023**

**O. Value Added Taxes**

Domestic Air fares are exempted while international fares are zero-rated. Revenues, expenses, and assets are recognized net of the amount of value added taxes except where the value added tax incurred on purchased assets or services is not recoverable from the taxation authority, in which case the value added tax is recognized as part of the cost of the asset or absorbed as an expense.

The net amount of value added tax recoverable from or payable to the taxation authority is included as part of receivables or payables in the statements of financial position.

**P. Stock**

Inventories are held for consumption in the process of rendering services and are measured at the lower of cost and estimated net realizable value based on market assessment. Cost is determined using the weighted average method

**Q. Investment in associates**

Associates are those entities over which Ethiopian Airlines Group has significant influence accompanying a shareholding between 20% and 50% of the voting right. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. Investment in associates is accounted for using the equity method. Under the equity method, investments are initially recognized at cost, and the carrying amount is increased or decreased to recognize the investor's share of profit or loss after the date of acquisition. Ethiopian Airlines Group share of its associate's post acquisition profits or losses is recognized in the statement of profit or loss. When the Ethiopian Airlines Group share of losses in an associate exceeds its interest in the associate, the Group does not recognize any further losses. Although Ethiopian Airlines group has 99% share in Ethiopian Mozambique Airlines LTD and has full control, Ethiopian Airlines Group did not consolidate in this financial statement.

**R. Cash and cash equivalents**

Cash comprises cash on hand and cash at banks in the current and deposit accounts. Cash equivalents are short term, highly liquid investments which are easily convertible into cash within three months or less from the date of acquisition.

**S. Offsetting of financial asset and liabilities**

Financial assets and liabilities are offset, and the net amount is reported in the statement of financial position when and only when there is a legally enforceable right to offset the amount and there is an



**ETHIOPIAN AIRLINES GROUP**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**30 JUNE 2023**

intention to settle on a net basis or realize the asset and settle the liabilities simultaneously. The legally enforceable right must not be contingent on future event and must be enforceable in the normal course of business and in the event of default, insolvency, or bankruptcy.

**T. Manufacturers credits**

Ethiopian Airlines Group receives credit from manufacturers in connection with the acquisition of certain aircrafts and engines. Depending on their nature, these credits are either recorded as a reduction to the cost of the related aircraft and engines or reduced from ongoing operating expenses.

**U. Revenue**

Revenue from passenger tickets including excess baggage and cargo sales is recognized when the transportation services is provided. Sales of unutilized tickets and airway bills are recognized as a liability and shown in the statement of financial position under current liabilities with the heading contract liabilities. The values of unused tickets are recognized as revenue after the expiry date of one-year. Ethiopian airlines group major Revenues, which is reported in operating revenues, are:

**Passenger transport**

The Ethiopian Airlines Group sells flight tickets primarily via agents, its own websites, own sales office or other air- lines in the course of interlining. The payments are received by the Ethiopian Airlines Group via credit card billing companies, agents, or other airlines, generally, before the corresponding service is provided. Receivables from the sale of flight tickets and related ancillary services are only amounts payable by credit card billing companies, agents, or other airlines.

The Ethiopian Airlines Group initially recognizes all ticket sales as liabilities from unused flight documents. These are presented as current liabilities. Depending on the terms of the selected fare, the contract liabilities reflect a range of possibilities for refunding services that have not yet been provided. Liabilities include both the deferred income for future flights and ancillary services that are recognized as revenue when the flight documents are used, and the liabilities for award miles credited to the passenger when the flight documents are used. The Ethiopian airlines Group allocates the transaction price to all of the performance obligations identified on the flight ticket based on their individual transaction prices. The individual transaction prices for flight segments are determined using the IATA procedure. The total price payable is allocated to individual flight segments using what is known as a prorate calculation. The individual transaction prices for ancillary services that are not included in the fare are directly observable prices. The Ethiopian Airlines Group reduces liabilities from unused flight documents and recognizes revenue for each flight when the respective



**ETHIOPIAN AIRLINES GROUP**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**30 JUNE 2023**

document is used. For tickets that cover more than one flight segment, the Ethiopian airlines Group identifies each flight segment as a distinct performance obligation, since each flight segment is independent and can be distinguished in the context of the contract.

**Cargo**

In its cargo business, the Ethiopian airlines Group has identified the entire freight service as a distinct performance obligation. The customer receives the benefit of the transport service and uses the service at the same time as this performance obligation is fulfilled with each transport segment. In this case, the customer takes control of the company's output while the carrier provides its service. The customer receives the benefit of the service as each transport segment is fulfilled. The corresponding cargo revenue is therefore recognized at the prorate value when the documents for each individual freight segment are used. Ethiopian Airlines group consider for performing its service once the transport has been carried out.

**Maintenance, Repair and Overhaul (MRO)**

The Group recognises aircraft and engine maintenance and overhaul revenue over time as the benefits are transferred to the customers by determining the appropriate amount of revenue and cost relating to third-party maintenance contracts to be recognised in the statement of profit or loss in each period, when the outcome can be estimated reliably. Estimation is based on cost plus margin. Maintenance revenue is recognised as the related performance obligations are satisfied (over time), being where the control of the goods or services are transferred to the customer. When the outcome of a maintenance contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract cost incurred that are likely to be recoverable.

**Catering**

The Ethiopian airlines group offers products and services related to in-flight service. These include catering, in-flight sales and entertainment, in-flight service equipment and the related goods and services and the operation of lounges related to this catering have been identified as distinct performance obligations.

The performance obligation to prepare meals is generally fulfilled when the meals are delivered to the customers. The catering performance obligation is fulfilled over time between the transport of the meals to the airport and the disposal of the waste, depending on the services ordered by the customer. For performance obligations over time, the percentage of completion is measured on an output basis.



**ETHIOPIAN AIRLINES GROUP**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**30 JUNE 2023**

**Airport services**

The Ethiopian airlines group offers services related to Airport services like landing, parking, lighting, terminal facility, passenger services, rental of offices, warehouse, restaurants, shops, and checking counters. Identified performance obligations the performance obligation to give airport services are ready to use and the revenue recognized when the contract obligation fulfilled.

**Hotel Services**

The Ethiopian airlines group offers services related to hotels services. The performance obligation related to these services are provided goods, services, and the revenue recognized when the contract obligation fulfilled.

**Aviation related Training services**

Revenue from aviation training services is recognised over time as per the customer receive and consume the benefits of these services and the group fulfil the contractual obligations over the training period. The level of completion of course work is measured on a straight-line basis over training period. The training period varies based on the type of course. Advance payments are recognised as contract liabilities and recognised as revenue as coursework is completed.

**Frequent flyer program**

Ethiopian Airlines Group operates a customer loyalty program called Sheba Miles, the Frequent Flyer Program (FFP). That allows qualifying customers to accumulate mileage credits that entitle them to a choice of various awards such as primarily free travel and upgrading of tickets. There are two steps between the time passengers accumulate their flown miles and the time they are privileged to be benefited from their accumulated flown miles.

**Step 1 -Earn:** This is the process of accumulating flown miles which occurs upon purchase of ticket. There is a minimum set up miles for earning economy and business class in which the number of miles required before redeeming benefit depends on destination to destination.

**Step 2-Redeem (spend):** This is the process where loyal members start to benefit from their accumulated miles.

The consideration in respect of the initial sales is allocated to Sheba Mile awards based on the relative stand-alone selling price and adjusted for expected expiry and the extent to which the demand for an award cannot be met. The estimated amount of Sheba Mile awards is recorded under current liabilities under the heading unearned transportation. The stand-alone selling price is determined based on the price of the benefit Ethiopian Airlines Group provide to the customers through



**ETHIOPIAN AIRLINES GROUP**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**30 JUNE 2023**

assessment using estimation techniques and taking in to account the consideration of various redemption options available to Sheba Miles.

**Revenue from Aircrafts trading**

Aircrafts are ordered in advance as production takes long time. Before delivery of the respective aircraft, management may decide either to sale or sale and lease back the respective aircraft. Under such circumstance the difference between the sales price and initial order price will be recognized under non-operating revenue.

**Lease Revenue**

The Group enters into lease agreements as a lessor with respect to some of its aircraft. Rental income from operating leases is recognised as lease revenue over the lease period. Initial direct costs incurred in negotiating and arranging an operating lease are directly reflected on the statement of profit or loss.

**V. Finance income and costs**

Interest income and expenses are recognized on a time proportion basis using the effective interest method.

**Borrowing costs**

Borrowing costs incurred directly attributable to the acquisition, construction, or production of qualifying assets, which are assets that necessarily take a substantial period to prepare or acquire for their intended use, are added to the costs of those assets until such time that the assets are substantially ready for their intended use.

Where funds are borrowed specifically for the purpose of obtaining a qualifying asset, any investment income earned on temporary surplus fund is deducted from borrowing costs eligible for capitalization. In the case of general borrowings, a capitalization rate, which is the weighted average rate of general borrowing costs, is applied to the expenditure on qualifying asset and included in the cost of the asset.

All other borrowing costs are recognized in the statement of profit or loss in the period in which they are incurred.



**ETHIOPIAN AIRLINES GROUP**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**30 JUNE 2023**

**Other operating revenue**

Other non-operating revenue is recognized when significant risks and rewards of ownership are transferred to the recipient and the amounts of revenue can be measured reliably. Unclaimed sundry liabilities over one-year-old are absorbed to non-operating income.

**W. Employee benefits**

**I. Defined Contribution plan**

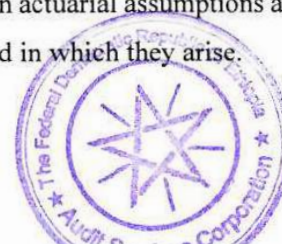
Defined contribution plan is a pension scheme under which Ethiopian Airlines Group pays fixed contribution. The fund is administered by an independent Government Agency and is funded by fixed contributions from both Ethiopian Airlines Group and the employees. Ethiopian Airlines Group has no legal or constructive obligation to pay further contribution if the fund does not hold sufficient asset to settle the benefit relating to the employee's services in the current and prior periods. Contributions to the pension fund are charged to the statement of profit or loss in the period in which they fall due.

Ethiopian Airlines Group makes contributions to a statutory defined contribution pension scheme. The employer and the employee make contributions of 11% and 7% of the employee's basic salary respectively, as determined by statute. For the year ended 30 June 2022 Ethiopian Airlines Group contributed Birr 527,992,675 (2021-Birr 366,312,602.) which has been charged to the profit or loss account in the period to which they relate.

**II. Defined benefit plan**

Ethiopian Airlines Group net obligation in respect of defined benefit plan is calculated by estimating the sum of future benefits that employees have earned in return for their service in the current and prior periods, those benefits are discounted to determine the present value and any unrecognized past service costs and the fair value of any plan asset is deducted. The discount rate is the current government deposit rate. The calculation is performed annually by independent qualified actuary using the projected unit credit method. The current service cost of the defined benefit plan, recognized in the statement of profit or loss in employee benefit expenses, except were included in the cost of an asset, reflects the increase in the defined benefit obligation resulting from employee service in the current year, benefit changes curtailments and settlements. Past service costs are recognized immediately in profit or loss and other comprehensive income.

Actuarial gains or loss arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.





**ETHIOPIAN AIRLINES GROUP**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**30 JUNE 2023**

**III. Short term benefit**

Short term employee benefit obligations are measured on an undiscounted basis and are expensed as the related services are rendered by employees.

A liability is recognized for the amount expected to be paid and include mainly wages and salaries, bonus, leave benefits and other allowances and incentives as a result of past service provided by the employees, and the obligation can be estimated reliably.

**IV. Termination benefits**

According to the law in the case of unjustified dismissal, employers are obliged to pay to their employee's compensation based on the years of service. This obligation is computed as per proclamation no 377/2003, further amended by proc.NO 494/2006.

**3. SIGNIFICANT ACCOUNTING ESTIMATES, JUDGMENTS AND ASSUMPTIONS**

In the preparation of these financial statements a number of estimates, judgments and associated assumptions have been made relating to the application of accounting policies and reported amounts of assets liabilities, revenues, and expenses. The estimates and associated assumptions are assessed on an ongoing basis and are based on historical experience and other factors including expectation of future events that are believed to be reasonable under the circumstance. The following narrative addresses the accounting policies that require subjective and complex judgment often as a result of the need to make estimates.

**A. Useful lives and residual values of aircraft and related assets**

Management assigns useful lives and residual values to aircrafts and related assets based on the intended use and the economic lives of those assets.

Subsequent changes in circumstances such as technological advances or prospective utilization of the assets concerned could result in the actual useful lives or residual value to be different from initial estimates

**B. Provision for leased aircraft maintenance costs**

From past trend analysis, the actual maintenance payments for leased aircrafts vary when compared with the monthly contractual payments when the maintenance is due. Management estimates the shortfall and maintain provision based on the actual flight hour when leased aircraft operates. Moreover, for those leased aircrafts with no contractual maintenance reserve payments, management estimate and maintain provision based on actual flight hours and estimated provision rate.



**ETHIOPIAN AIRLINES GROUP**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**30 JUNE 2023**

**C. Defined benefits plans**

The cost of the defined benefits of long service awards, severance pay, and retirement awards and the present value of these defined benefit obligations are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate; future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

**D. Investment in associates**

Judgments made in applying accounting policies have the most significant effect on the amounts recognized in the combined financial statements and the related disclosures. One of these is determination of whether there is significant influence over investees. Management used the control model under IFRS 10 to determine whether the control indicators set out are used to define whether there is significant influence in investment under equity partners or control. Management determined that Ethiopian Airlines Group has significant influence over the associate companies.

**E. Going concern**

Management has assessed the Ethiopian Airlines Group ability to continue as a going concern and is certain that it has the resources to continue in business for the near future. As a global network airline, Ethiopian airlines Group has been unable to viably operate its normal full passenger services. On the other hand, the couple of month's disruptions in global supply chain caused by the closure of factories mainly in China due to the very COVID-19 has caused a sudden and large demand in global air cargo transport. Hence, the air cargo business is booming, and it is operating at its peak capacity. As a result of the outbreak, although the full impact and the time period of the disruption is not possible to predict with certainty. Ethiopian Airlines group has taken various measures to maximize cargo revenue by using passenger airplanes for cargo transport either with their seats using the traditional cabin loading or by taking out the seats and loading cargo in the main cabin floor of the aircraft besides the cargo aircrafts. There is also implementing numerous cost savings measures and delivering efficiency across operational areas, reducing discretionary capital expenditure, monitoring each flight profitability before it operates. The COVID-19 outbreak infections has seriously affected the industry and now there is significant recovery of Business. IATA has forecasted that the airline Industry will reach the pre-COVID in year 2024 but Ethiopian Airlines Group is currently reach



**ETHIOPIAN AIRLINES GROUP**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**30 JUNE 2023**

100% pre COVID. Based on measures Ethiopian airlines group has taken and result Achieved management believes there is no doubt on going concern.

**4. REVENUE**

**(A) Revenue from Contract Customer**

	Birr	2022 Birr
Passenger	205,101,267,467	101,511,013,695
Freight	81,656,580,615	90,229,849,576
Charter	21,211,823,096	43,408,754,141
Excess baggage	5,791,905,092	4,776,386,708
Customer services - work orders	4,113,659,613	3,637,218,818
Airport charges	2,421,477,910	2,024,887,558
Mail	2,197,400,771	1,281,785,099
Commission	2,499,657,149	1,451,285,059
Hotel Services	765,400,995	815,745,516
Ground handling	314,076,066	321,565,874
Cargo Terminal	749,513,940	683,207,501
Aviation Academy	382,546,834	310,764,148
In-Flight Sales	1,075,399,666	456,305,198
Aircraft lease	917,574,499	589,775,136
Catering Operations	59,164,791	36,441,015
Miscellaneous	<u>3,057,566,540</u>	<u>1,520,664,146</u>
	<b><u>332,315,015,044</u></b>	<b><u>253,055,649,189</u></b>

**(B) Other Income**

	Birr	2022 Birr
Write back of creditors account	203,886,271	193,631,343
Revenue from purchase incentive	750,666,518	563,597,540
Others	8,031,066,606	8,715,101,849
	<b><u>8,985,619,395</u></b>	<b><u>9,472,330,733</u></b>



**ETHIOPIAN AIRLINES GROUP**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**30 JUNE 2023**

**5. OPERATING EXPENSE**

	Birr	2022 Birr
Salaries and related benefits	16,917,013,528	11,716,449,564
Aircraft fuel and oil	132,450,356,770	85,851,232,740
Depreciation of flying equipment	17,937,230,051	15,872,487,077
Depreciation for Right of use assets	21,514,064,051	19,324,566,836
Foreign overhauls	14,152,967,906	10,821,253,361
Overflying and navigation	12,580,056,303	9,693,603,033
Handling	11,148,627,316	9,486,763,278
Landing and parking	4,049,309,181	3,489,514,974
Passengers' expense	7,579,748,699	4,485,930,646
Commission and incentives	8,477,846,105	4,435,977,108
Aircraft materials	4,327,859,256	4,030,342,598
Maintenance of leased aircraft	5,605,083,215	3,958,291,032
Central reservation system charge	5,315,091,049	3,158,411,409
Insurance	2,288,557,321	3,178,455,829
Travel	3,001,465,757	2,126,675,918
Service	4,603,212,254	2,435,910,940
Amortization for Engine Maintenance	2,258,967,075	2,673,389,398
Depreciation non - flying equipment	2,330,502,889	1,623,160,304
Depreciation for Runways, Taxiways & Aprons	460,048,467	424,571,283
Corporate Taxes	463,559,242	952,879,867
Communications	1,503,505,378	908,199,602
Rentals	550,232,642	671,893,920
Supplies	516,218,116	279,363,700
Impairment for Stock	141,041,186	138,871,803
Impairment for Trade and other Receivable	173,553,093	711,015,291
Amortization for Intangible Asset	166,924,654	67,013,890
Utilities	181,414,312	123,343,138
Advertising and publishing	59,377,186	31,509,008
Training	13,066,717	6,907,530
Entertainment	7,360,229	5,018,664
Cost of sales hotel	251,593,385	102,086,122
Bank Charges	225,997,819	149,359,261
Credit card Charges	103,885,639	1,074,301,326
ECL for Cash & Cash Equivalents	48,170,079	1,011,517,269
Miscellaneous	438,242,815	254,350,949
	<b><u>281,842,149,682</u></b>	<b><u>205,274,618,669</u></b>



## ETHIOPIAN AIRLINES GROUP

## NOTES TO THE FINANCIAL STATEMENTS (continued)

30 JUNE 2023

## 6. FOREIGN CURRENCY TRANSLATION

	Birr	2022 Birr
Gain / (Loss) On Translation from Foreign Currency to Functional Currency for Long Term Loans	(822,511,144)	2,586,585,183
Gain / (Loss) On Translation from Foreign Currency to Functional Currency for others monetary Items	(1,647,159,373)	(4,393,938,157)
	<u>(2,469,670,517)</u>	<u>(1,807,352,972)</u>

This arises from different foreign currency transaction translation to functional currency.

## 7. OTHER COMPREHENSIVE INCOME

	Closing Date Exchange Rate Birr	Actual Exchange Rate Birr	Other Comprehensive Income (Loss) Birr
Beginning balance Retained earning	126,700,076,063	(65,179,853,314)	61,520,222,749
Addition From Profit	<u>46,266,094,766</u>	<u>(44,164,631,073)</u>	<u>2,101,463,693</u>
Equity as of June 30,2022	172,966,170,829	(109,344,484,387)	<u>63,621,686,442</u>
Beginning balance Retained earning	172,966,170,829	(109,344,484,387)	63,621,686,442
Effect Of Currency Translation	<u>8,650,966,614</u>	-	<u>8,650,966,614</u>
Total Beginning balance Retained earning	181,617,137,443	(109,344,484,387)	72,272,653,056
Addition From Profit	44,096,244,653	(43,306,748,877)	789,495,775
Equity as of June 30,2023	225,713,382,096	(152,651,233,265)	<u>73,062,148,831</u>
OCI for the year 2023			<u>9,440,462,389</u>

## 8. STAFF COSTS

	Birr	2022 Birr
Salaries and related benefits	16,410,766,552	11,254,483,738
Pension costs - Company contribution	813,789,536	527,992,675
	<u>17,224,556,088</u>	<u>11,782,476,413</u>



**ETHIOPIAN AIRLINES GROUP**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**30 JUNE 2023**

**9. PROPERTY, PLANT AND EQUIPMENT**

	Flight Equipment		Land, Building & Other Property		Engine Maintenance Cost		Land, Runways, Taxiways & Aprons		Work In Progress		Total Balance	
	Birr	Birr	Birr	Birr	Birr	Birr	Birr	Birr	Birr	Birr	Birr	Birr
<b>COST</b>												
Opening Balance	301,448,438,107		40,627,905,180		16,708,172,622		42,677,100,824		16,897,992,477			418,359,609,209
Additions	18,409,285,226		668,591,926		1,865,383,942		-		13,236,390,414			34,179,651,509
Disposals/ Retirements	(1,629,528,991)		(172,974,850)		-		-		(12,412,401,971)			(1,802,503,841)
Transfer Work In Progress	5,093,062,713		6,073,632,295		-		1,245,706,964					-
Year ended 30 June 2022	<u>323,321,257,054</u>		<u>47,197,154,552</u>		<u>18,573,556,564</u>		<u>43,922,807,788</u>		<u>17,721,980,920</u>			<u>450,736,756,877</u>
Effect on Translation from functional To Presentation on												
Opening Balance	16,156,420,388		1,477,182,623		451,606,259		58,309,572		550,801,597			18,694,320,439
Additions	37,933,204,388		5,918,669,327		1,190,051,148		-		10,168,629,176			55,210,554,039
Disposals/ Retirements	(11,270,397,147)		(15,197,537)		(558,748,244)							(11,844,342,929)
Transfer Work In Progress	5,430,816,760		6,490,488,323				1,324,589,454		(13,245,894,536)			-
Year ended 30 June 2023	<u>371,571,301,443</u>		<u>61,068,297,286</u>		<u>19,656,465,726</u>		<u>45,305,706,813</u>		<u>15,195,517,157</u>			<u>512,797,288,426</u>
<b>DEPRECIATION</b>												
Opening Balance	(99,542,315,609)		(12,798,464,405)		(11,826,770,305)		(1,158,110,786)		-			(125,325,661,105)
Additions	(15,872,487,077)		(1,623,160,304)		(2,673,389,398)		(424,571,283)		-			(20,593,608,061)
Effect Of Currency Translation on Depreciation	(1,435,912,479)		(55,162,973)		244,959,802							(1,246,115,650)
Year ended 30 June 2022	<u>(116,850,715,165)</u>		<u>(14,476,787,682)</u>		<u>(14,255,199,901)</u>		<u>(1,582,682,069)</u>					<u>(147,165,394,817)</u>
Effect on Translation from functional To Presentation on												
Opening Balance	(5,829,720,340)		(619,828,715)		(235,622,062)		-		-			(6,685,171,116)
Additions	(17,937,230,051)		(2,330,502,889)		(2,258,967,075)		(460,048,467)					(22,986,748,481)
Effect Of Currency Translation on Depreciation	6,073,955,541		(48,521,620)		(52,040,361)		-					5,973,393,560
Year ended 30 June 2023	<u>(134,543,710,015)</u>		<u>(17,475,640,905)</u>		<u>(16,801,829,399)</u>		<u>(2,042,730,535)</u>					<u>(170,863,910,854)</u>
<b>NET BOOK VALUE</b>	<u>237,027,591,428</u>		<u>43,592,656,381</u>		<u>2,854,636,327</u>		<u>43,262,976,278</u>		<u>15,195,517,157</u>			<u>341,933,377,577</u>



**ETHIOPIAN AIRLINES GROUP**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**30 JUNE 2023**

**10. INTANGIBLE ASSET**

	<b>Birr</b>	<b>2022 Birr</b>
Balance brought forward	373,936,129	253,058,296
Additional For the Year	82,975,172	148,033,794
Adjustment for pervious Year	(74,736,691)	-
Amortization for Intangible Asset	(169,515,205)	(67,638,602)
Effects on Translation from functional To Presentation Currency	89,360,027	40,482,641
<b>Balance carried forward</b>	<b><u>302,019,432</u></b>	<b><u>373,936,129</u></b>



**ETHIOPIAN AIRLINES GROUP**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**30 JUNE 2023**

**11. INVESTMENT IN ASSOCIATES**

**(A) Investment in Associates**

Associates	Percentage of equity owned	Principal activities	Country of incorporation and principal operations
<b>ASKY Airlines</b> (901,500 shares of US dollars 20 each par value and each share has one voting right)	25.26	Air transport services	Lomé, Togo
Malawi Airlines (460,000 shares of US Dollars 35 each par value and each share has 1 voting right )	49	Air transport services	Lilongwe, Malawi
Chad Airlines (441,000 Shares each share has 1 voting right )	49	Air transport services	NDjamena, Chad
Ethiopian Mozambique Airlines LTD (99% of shares)	99	Air transport services	Maputo, Mozambique
DHL-ET logistics services (5,355 shares each par value Ethiopian Birr 1000 ), Management effective control under DHL	51	Logistics services	Addis Ababa, Ethiopia
Ethiopian Sky Technologies P.L.C (6,103 shares each par value Ethiopian Birr 1000)	51	Manufacturing services	Addis Ababa, Ethiopia
Zambia Airways (450,000 shares each par value ZMW 1)	45	Air transport services	Lusaka, Zambia
Universal Air Travel Plan (UATP) (71 shares each par value USD 20,000 )	71 Shares	Information technology services	Washington, D.C, USA
France Telecom (271,640 shares each par value EUR 11.22 )	271,640 Shares	Telecommunications services	Paris, France
SITA (37 shares each par value EUR 5 )	5 Shares	Information technology services	Geneva, Switzerland

33





**ETHIOPIAN AIRLINES GROUP****NOTES TO THE FINANCIAL STATEMENTS (continued)****30 JUNE 2023****(B) Movement of Investment in Associates**

	Birr	2022 Birr
ASKY Airlines (901,500 shares of US dollars 20 each par value and each share has one voting right)	1,004,190,522	955,921,992
Less; Share of loss from investment	(118,889,517)	(717,091,944)
<b>Net investment</b>	<b>885,301,005</b>	<b>238,830,047</b>
Malawi Airlines (460,000 shares of US Dollars 35 each par value and each share has 1 voting right )	896,548,025	853,842,766
Less; Share of loss from investment	(479,895,174)	(550,230,177)
<b>Net investment</b>	<b>416,652,851</b>	<b>303,612,589</b>
Chad Airlines (441,000 Shares each share has 1 voting right )	409,293,570	389,797,695
Less; Share of loss from investment	(409,293,570)	(389,797,695)
<b>Net investment</b>	<b>-</b>	<b>-</b>
Ethiopian Mozambique Airlines LTD	534,777,600	534,777,600
Less; Share of loss from investment	(534,777,600)	(534,777,600)
<b>Net investment</b>	<b>-</b>	<b>-</b>
DHL -ET logistics services (5,355 shares each par value Ethiopian Birr 1000 ), Management effective control under DHL	16,347,257	15,568,588
Less; Share of loss from investment	(6,165,632)	(1,711,096)
<b>Net investment</b>	<b>10,181,625</b>	<b>13,857,493</b>
Ethiopian Sky Technologies P.L.C (6,103 shares each par value Ethiopian Birr 1000)	8,418,911	8,017,894
Less; Share of Gain from investment	257,398	
<b>Net investment</b>	<b>8,676,309</b>	<b>8,017,894</b>
Zambia Airways (450,000 shares each par value ZMW 1)	166,647,190	72,794,693
Less; Share of loss from investment	(113,755,969)	-
<b>Net investment</b>	<b>52,891,222</b>	<b>72,794,693</b>
France Telecom (271,640 shares each par value EUR 11.22 )	177,374,837	168,925,944
Universal Air Travel Plan (UATP) (71 shares each par value USD 20,000 )	1,113,724	1,060,674
SITA (37 shares each par value EUR 5 )	<u>10,766</u>	<u>10,254</u>
	<b><u>1,552,202,339</u></b>	<b><u>807,109,587</u></b>

**12. FINANCE INCOME AND COSTS****(A) Finance income**

Interest income on bank deposits and Investment	
Others	
<b>Finance income</b>	



	Birr	2022 Birr
	1,391,955,166	161,584,849
	22,605,360	27,924,775
	<b><u>1,414,560,526</u></b>	<b><u>189,509,624</u></b>

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**30 JUNE 2023**

**(B) Finance cost**

	Birr	2022 Birr
Interest expense on lease liabilities	4,686,474,564	4,724,039,909
Interest Expense on Long Term loans	4,638,157,365	3,299,600,138
Other Finance Costs	879,504	136,884
<b>Finance costs</b>	<b><u>9,325,511,433</u></b>	<b><u>8,023,776,931</u></b>

**13. STANDING DEPOSITS**

These are deposits for security, aircraft lease, hotel, hospital, and similar purposes. It also includes pre delivery payment for aircraft purchase.

**(A) Standing Deposit Movement**

	Birr	2022 Birr
Security Deposit	8,821,682,252	8,751,334,565
Deposit for Pre-delivery payment for aircraft purchase	13(b) 18,028,162,864	14,752,539,538
Less; Effects on Translation from functional To Presentation Currency	(56,085,447)	(48,161,721)
	<b><u>26,793,759,669</u></b>	<b><u>23,455,712,382</u></b>

**(B) Pre-delivery Aircraft schedule**

The deposit relates to Pre-delivery payment for aircraft purchase represent amount paid to Boeing and Airbus in relation to B777F , B737 MAX & A350 aircrafts. The delivery schedule is as follows:

	Birr	2022 Birr
Within one year	10,467,665,143	11,071,896,733
Between 2 and 5 years	7,560,497,721	3,680,642,805
After 5 years	=	=
	<b><u>18,028,162,864</u></b>	<b><u>14,752,539,538</u></b>



**ETHIOPIAN AIRLINES GROUP****NOTES TO THE FINANCIAL STATEMENTS (continued)****30 JUNE 2023****14. EMPLOYEE LOAN RECEIVABLES**

This represents loan given to employees for housing construction at interest rate of 9.5%. The carrying amount of the loan was discounted at effective interest rate of 9.5% and shown at amortized cost. The loan is guaranteed by employee houses as collateral.

**15. STOCK**

	Birr	2022 Birr
Aircraft parts	13,355,631,003	11,299,142,580
Stock of stationery and other materials	<u>2,246,730,863</u>	<u>1,821,499,589</u>
	15,602,361,865	13,120,642,169
Less: Impairment for stock	<u>(2,574,967,207)</u>	<u>(2,754,548,368)</u>
	<u><b>13,027,394,659</b></u>	<u><b>10,366,093,800</b></u>

**16. TRADE AND OTHER RECEIVABLES**

	Birr	2022 Birr
Transportation - Others	10,350,110,115	9,383,997,877
Airport Service Charges	209,945,031	263,933,613
Trade Debtors	2,823,251,840	2,561,977,078
Deposits and prepayments	16,203,840,746	11,779,482,248
Transportation - Airlines	6,741,228,266	5,895,274,183
Claims from aircraft lessor	2,595,255,626	526,091,614
Ethiopian Government	562,102,691	177,526,767
Value added tax and duties recoverable	3,267,689,668	2,488,645,240
Airmail	63,739,664	36,106,431
Claims from insurance	783,869,434	485,422,787
Miscellaneous	<u>7,091,974,169</u>	<u>3,148,733,822</u>
	50,693,007,249	36,747,191,659
Less: Impairment for Trade and Other Receivables	<u>(3,434,613,991)</u>	<u>(3,119,939,574)</u>
	<u><b>47,258,393,258</b></u>	<u><b>33,627,252,086</b></u>



**ETHIOPIAN AIRLINES GROUP**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**30 JUNE 2023**

**17. SHORT TERM INVESTMENTS**

	Birr	2022 Birr
Short term Investment	46,840,611,342	24,730,980,731
Less: ECL for Short Term Investments	<u>(72,790,882)</u>	<u>(61,731,227)</u>
	<u><b>46,767,820,460</b></u>	<u><b>24,669,249,504</b></u>

**18. CASH AND CASH EQUIVALENTS**

	Birr	2022 Birr
Cash with foreign banks	50,591,393,443	52,521,770,894
Less: Allowance for ECL	<u>(1,043,293,007)</u>	<u>(955,232,988)</u>
Less: ECL for Cash & Cash Equivalents	<u>(10,969,972,167)</u>	<u>(7,734,698,260)</u>
	<u><b>38,578,128,269</b></u>	<u><b>43,831,839,645</b></u>
Cash with local banks	16,609,415,996	6,527,296,632
Cash on hand	148,200,847	134,638,992
Effect Of Currency Translation	162,078,476	(106,066,685)
	<u><b>55,497,823,588</b></u>	<u><b>50,387,708,586</b></u>

**19. CAPITAL**

Ethiopian Airlines Group is wholly owned by the Government of the Federal Democratic Republic of Ethiopia. There are no shares and no-par value. As per Council of Ministers proclamation number 406/2009 Ethiopian airlines Group is authorized to transfer the net profits to paid up capital.



## ETHIOPIAN AIRLINES GROUP

## NOTES TO THE FINANCIAL STATEMENTS (continued)

30 JUNE 2023

## 20. LONG TERM LOANS

## (A) Long Term Loans Movement

		Birr	2022 Birr
Balance brought forward		132,563,102,832	129,445,273,628
Additional loans		29,916,710,996	15,183,714,817
Effects on Translation from Transaction to functional Currency		822,511,145	2,586,585,184
Effects on Translation from functional To Presentation Currency		3,785,764,206	17,185,909,778
		<u>167,088,089,178</u>	<u>164,401,483,406</u>
Less: Repayments		29,986,517,797	31,838,380,574
Balance carried forward	20 (c)	<u>137,101,571,382</u>	<u>132,563,102,832</u>
Accrued interest		393,399,220	350,215,752
Principal Payable within One Year		18,797,046,910	20,394,503,591
<b>Total Current Maturity</b>		<u>19,190,446,129</u>	<u>20,744,719,341</u>
<b>Long Term Loan</b>	20 (b)	<u>117,911,125,253</u>	<u>111,818,383,491</u>

## (B) Long Term Loan Repayble Schedule

	Birr	2022 Birr
Within one year	19,190,446,129	20,744,719,341
Between 2 and 5 years	19,558,892,108	36,375,013,632
After 5 years	98,352,233,145	75,443,369,858
<b>Total Long Term Loan</b>	<u>117,911,125,253</u>	<u>111,818,383,491</u>

## (C) Long Term Loan denominated currencies

	Birr	2022 Birr
US Dollar	95,004,832,729	103,354,824,731
EURO	30,941,543,032	16,358,792,786
Chinese yuan (CNY)	8,332,195,859	10,034,180,852
Japanese Yen (JPY)	2,822,999,762	2,815,304,463
	<u>137,101,571,382</u>	<u>132,563,102,832</u>



**ETHIOPIAN AIRLINES GROUP**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**30 JUNE 2023**

Loans from foreign lending institutions secured on aircraft bearing interest at rates of between 0.35% and 7.35% per annum and repayable in quarterly instalments.

All Ethiopian airlines aircraft and Project loans are secured loan from foreign lending institutions and development agencies, bearing interest at rates of between 2.38% and 4.66% per annum, and repayable in, mainly, quarterly instalments.

## 21. PROVISION FOR MAINTENANCE

	<b>Birr</b>	<b>2022 Birr</b>
Balance brought forward	2,044,345,656	1,989,705,447
Additional For the Year	781,932,799	723,814,858
Utilized In the Year	(473,255,790)	(1,047,289,584)
Effects on Translation from functional To Presentation Currency	<u>102,248,699</u>	<u>378,114,935</u>
Balance carried forward	<u><b>2,455,271,365</b></u>	<u><b>2,044,345,656</b></u>

The provision for maintenance is made to match aircraft maintenance costs with the generated revenues.

## 22. EMPLOYEE BENEFIT OBLIGATION

Ethiopian Airlines Group operates an unfunded lump sum Gratuity Arrangement (lithe Arrangement"). As the Arrangement is unfunded, gratuity benefits are paid out of the Ethiopian Airlines Group general revenues. The following arrangement benefits were valued:

### A. Severance Pay

Severance benefits are based on the statutory severance benefit as set out in labour Proclamation No. 377/2003 Article No. 39 and 40 as amended by labour proclamation No 494/2006 Article NO.2. This benefit is implemented for those employees who have a service period of a minimum of 5 years.

Severance pay is calculated as the employee's one month's salary for the first year of service and 1/3 (one third) of the employee's salary for every additional year of service. This benefit is paid on withdrawal, death, and ill health retirement from the Company.

Employees who are over 55 years and have a past service of more than 25 years are not entitled to this benefit. In addition, this benefit is not paid on retirement from the company.



**ETHIOPIAN AIRLINES GROUP**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**30 JUNE 2023**

**B. Service Award**

Long service award benefits are payable to employees only on completion of specified anniversaries of service as follows revised effective February 2023:

Service anniversary (years)	Amount Birr
20th	8,000
25th	14,000
30th	20,000
35th	25,000
40th	30,000

**C. Retirement Award**

Retirement benefit awards are payable to employees on retirement from the Ethiopian Airlines Group. The retirement benefit is Birr 6,000 plus Birr 500 for every year above 20 Years of service.

**I - Reconciliation of benefit obligation**

	Birr	2022 Birr
Opening benefit obligation	985,585,048	645,728,071
Current service cost (employer)	90,690,438	45,055,855
Interest cost	91,722,923	29,469,439
Actuarial (gain) / loss - due to experience	37,762,868	154,185,208
Past Service Cost	49,712,250	-
Benefits paid	(46,088,621)	(11,611,670)
Effect on Translation from Transaction to Functional Currency	49,322,184	122,758,145
<b>Closing benefit obligation</b>	<b><u>1,258,707,090</u></b>	<b><u>985,585,048</u></b>



**ETHIOPIAN AIRLINES GROUP**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**30 JUNE 2023**

**II - Reconciliation of assets**

	Birr	2022 Birr
Employer contributions	(46,088,621)	(11,611,670)
Benefits paid	46,088,621	11,611,670
Closing market value of assets	<u>0.00</u>	<u>0.00</u>

**III - Defined benefit obligation (asset) Recognized in the balance sheet**

	Birr	2022 Birr
Present value of funded obligations	1,258,707,090	985,585,048
Net underfunding in funded plan	1,258,707,090	985,585,048
Defined benefit obligation (asset) recognized in the balance sheet	<u>1,258,707,090</u>	<u>985,585,048</u>

**IV - Amount recognized in profit or loss**

	Birr	2022 Birr
Past Service Cost	49,712,250	-
Current service cost (employer)	90,690,438	45,055,855
Interest cost on defined benefit obligation	91,722,923	29,469,439
Total included in profit and loss in respect of Scheme	<u>232,125,611</u>	<u>74,525,294</u>

**V - Amount recognized in OCI**

	Birr	2022 Birr
Actuarial (gain)loss - experience adjustments arising from participants' movement	37,762,868	154,185,208
Amount recognized in OCI statement for the fiscal year	<u>37,762,868</u>	<u>154,185,208</u>
These will not be reclassified subsequently to profit or loss		





**ETHIOPIAN AIRLINES GROUP****NOTES TO THE FINANCIAL STATEMENTS (continued)****30 JUNE 2023****VI - Reconciliation**

	<b>Birr</b>	<b>2022 Birr</b>
Net liability at start of period	985,585,048	645,728,071
Net expense recognised in the income statement	232,125,611	74,525,294
Employer contributions	(46,088,621)	(11,611,670)
Amount recognized in OCI	37,762,868	154,185,208
Effect on Translation from Transaction to Functional Currency	49,322,184	122,758,145
Net liability at end of period	<u>1,258,707,090</u>	<u>985,585,048</u>

**VII - Actuarial Assumptions**

	<b>Birr</b>	<b>2022 Birr</b>
Discount rate (% p.a.)	14.30%	14.25%
Future salary increases (% p.a.)	10.00%	10.00%
weighted average duration of defined benefit obligation	8.00	7.70

Ethiopian Airlines Group also make statutory contributions to the national social security fund. Contributions are determined by the local statute and are shared between the employer and employee. For the year, ended 30 June 2023 Ethiopian Airlines Group contributed birr 813,789,536 (2022 birr 527,992,675).

**VIII - Sensitivity analysis**

The results of the actuarial valuation will be more sensitive to changes in the financial assumptions than changes in the demographic assumptions. In preparing the sensitivity analysis of the results to the discount rate used, we have relied on calculations of the duration of the liability.

Since the majority of benefits payable under the arrangements are salary related, the sensitivity of the liability to a change in the salary escalation assumptions is not expected to be materially different.



**ETHIOPIAN AIRLINES GROUP****NOTES TO THE FINANCIAL STATEMENTS (continued)****30 JUNE 2023**

	Scenario-1 Base	Scenario-2 Discount Rate Increased By 1%	Scenario-3 Salary Rate Increased By 1%
Discount Rate	14.30%	15.30%	14.30%
Salary Increase	10.00%	10.00%	11.00%
Net Liability At start of Period	985,585,048	985,585,048	985,585,048
Total Net Expense Recognised in the Income Statement	232,125,611	232,125,611	232,125,611
Net expense Recognised in the OCI	37,762,868	(24,339,435)	107,691,002
Employer Contributions	(46,088,621)	(46,088,621)	(46,088,621)
Effect on Translation from Transaction to Functional Currency	49,322,184	49,322,184	49,322,184
<b>Net Liability At end of Period</b>	<b>1,258,707,090</b>	<b>1,196,604,787</b>	<b>1,328,635,224</b>

**Sensitivity Analysis (Continued)**

	Scenario-4 Discount Rate Decreased By 1%	Scenario-5 Salary Rate Decreased By 1%	Scenario-6 Increased Decrements (+10%)	Scenario-7 Decreased Decrements (-10%)
Discount Rate	13.30%	14.30%	14.30%	14.30%
Salary Increase	10.00%	9.00%	10.00%	10.00%
Net Liability At start of Period	985,585,048	985,585,048	985,585,048	985,585,048
Total Net Expense Recognised in the Income Statement	232,125,611	232,125,611	232,125,611	232,125,611
Net expense Recognised in the OCI	110,683,003	(22,302,629)	51,057,015	24,369,254
Employer Contributions	(46,088,621)	(46,088,621)	(46,088,621)	(46,088,621)
Effect on Translation from Transaction to Functional Currency	49,322,184	49,322,184	49,322,184	49,322,184
<b>Net Liability At end of Period</b>	<b>1,331,627,225</b>	<b>1,198,641,593</b>	<b>1,272,001,237</b>	<b>1,245,313,476</b>

**XI - Expected impact on future cash flow**

The current arrangements are unfunded with no pre-determined contributions. The Ethiopian Airlines Group however meets benefits payments on a pay-as-you-go basis. The company benefit outgo was birr 46,088,621 (2022 birr 11,611,670).



**ETHIOPIAN AIRLINES GROUP****NOTES TO THE FINANCIAL STATEMENTS (continued)****30 JUNE 2023****23. DEFERRED TAX LIABILITY**

Ethiopian SKYLIGHT HOTEL, one of Ethiopian Airlines group segment deferred tax is calculated on all temporary differences under the liability method using the enacted rate, currently at 30%. The deferred tax Liability at the end of the year is attributable to the difference between the tax basis of property, plant and equipment and its carrying value for financial reporting purposes.

Movement on the deferred tax account is as follows:

	Birr	2022 Birr
Beginning Balance	20,576,459	6,675,617
Curent year Deferred tax	<u>(27,181,019)</u>	<u>13,900,843</u>
Deferred Tax Liabilities	<u>(6,604,559)</u>	<u>20,576,459</u>

**24. DEFERRED LIABILITIES**

	Birr	2022 Birr
Security deposits	460,339,294	495,357,158
Retentions payable	469,860,488	430,843,277
Leased Aircraft maintenance reserve	767,479,036	520,419,499
Miscellaneous	<u>603,382,227</u>	<u>807,757,156</u>
	<u>2,301,061,045</u>	<u>2,254,377,090</u>



**ETHIOPIAN AIRLINES GROUP**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**30 JUNE 2023**

**25. TRADE AND OTHER PAYABLES**

	Birr	2022 Birr
Transportation tax and embarkation fees	5,662,460,181	4,552,699,875
Payable to oil companies	62,673,159	7,710,852
Goods received but not billed	584,986,441	321,882,768
Customers' advances for work orders	8,951,779	156,485,030
Accruals for leasing and maintenance of aircraft	23,623,348	8,750,561
Services received but not billed	14,214,703,928	13,761,739,451
Others	<u>10,403,514,537</u>	<u>7,854,659,071</u>
	<u><b>30,960,913,374</b></u>	<u><b>26,663,927,607</b></u>

**26. TAXATION**

Ethiopian Airlines Group exempted from tax but one of the segment Ethiopian Skylight Hotel is not exempted.

**A - Profit or loss account Income tax expense**

	Birr	2022 Birr
Curent Taxation based on profit for the year at 30%	127,380,968	75,745,588
Deferred tax	<u>(27,181,019)</u>	<u>13,900,843</u>
	<u><b>100,199,949</b></u>	<u><b>89,646,431</b></u>



**ETHIOPIAN AIRLINES GROUP**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**30 JUNE 2023**

**B - Tax expense computation**

		<b>2022</b>
		<b>Birr</b>
<b>Net Profit Before tax</b>	338,019,238	301,459,859
<b>ADD :Dis Allowed expenses</b>		
Depreciation	441,828,139	76,379,113
Provision for doubtful debts	411,970	(122,663)
Entertainment	3,736,869	2,625,061
Gain-Unrealized Exchange Rate	(2,009,530)	(5,140,823)
Interest income	(6,158,719)	-
	<b>775,827,968</b>	<b>375,200,548</b>
<b>Less: Allowed Expenses</b>		
Deprciation	351,224,743	122,715,256
<b>Loss carry forward</b>	-	-
<b>Taxable Profit</b>	<b>424,603,225</b>	<b>252,485,292</b>
<b>Tax expense at 30%</b>	<b>127,380,968</b>	<b>75,745,588</b>
Defered Tax	(27,181,019)	13,900,843
<b>Tax expense</b>	<b><u>100,199,949</u></b>	<b><u>89,646,431</u></b>

**C - Reconciliation of Tax expense to the expected tax based on accounting profit**

		<b>2022</b>
		<b>Birr</b>
Net profit before taxation	338,019,238	301,459,859
<b>Tax at the applicable rate 30%</b>	101,405,772	90,437,958
Tax effect of expenses not deductible for tax purpose	131,342,619	23,664,453
Tax effect of expenses deductible for tax purpose	(105,367,423)	(36,814,577)
Deferred tax	(27,181,019)	13,900,843
<b>Tax expense</b>	<b><u>100,199,949</u></b>	<b><u>91,188,677</u></b>



**ETHIOPIAN AIRLINES GROUP**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**30 JUNE 2023**

**D - Tax payable**

		<b>2022</b>
		<b>Birr</b>
Beginning of the year	68,202,619	8,607,069
Paid during the period	(68,202,619)	(8,607,069)
Withholding tax	(10,703,541)	(7,542,969)
Current year Tax payable	<u>127,380,968</u>	<u>75,745,588</u>
	<u><b>116,677,427</b></u>	<u><b>68,202,619</b></u>

**27. CASH FLOW FROM OPERATING ACTIVITIES****CASH FLOWS FROM OPERATING ACTIVITIES**

	<b>Birr</b>	<b>2022</b>
		<b>Birr</b>
Profit for the year	49,077,863,333	47,611,740,973
<b>Adjustments for;</b>		
Income tax expense recognized in profit or loss	100,199,949	89,646,431
Finance costs recognized in profit or loss	9,036,968,088	8,023,776,931
Interest income recognized in profit or loss	(1,408,401,807)	(189,509,624)
Depreciation and amortization	44,667,737,186	39,985,188,788
Amortization of purchase incentives	(750,666,518)	(563,597,540)
Gain on Translation from Transaction to Functional Currency on loans	822,511,145	(2,586,585,184)
Impairment for Receivables	172,406,539	711,015,291
Impairment for stock	66,440,689	138,871,803
Share of loss from associates	117,915,004	12,425,926
Provision for maintenance	781,932,799	723,814,858
Creditors' accounts written back to profit or loss	(203,886,271)	(264,416,357)
	<b>102,481,020,136</b>	<b>93,692,372,296</b>
<b>Movements in working capital</b>		
Increase in stock	(2,480,827,239)	(3,782,611,824)
Increase in Trade and other receivables	(21,523,054,370)	(5,825,499,652)
Increase in Trade and other liabilities	11,852,957,690	7,991,015,974
Increase in Lease Liabilities	8,357,061,189	8,270,970,713
Increase in Contract Liability	16,458,103,663	19,329,443,623
Increase in deferred liabilities	46,683,954	296,990,165
<b>Cash generated from operations</b>	<b>115,191,945,022</b>	<b>119,972,681,296</b>
Finance costs Paid	(4,307,310,056)	(3,271,742,672)
Loss on Translation from Transaction to Functional Currency for others	(2,004,032,719)	4,393,938,157
Income tax paid	(70,105,870)	(9,731,387)
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b><u>108,810,496,377</u></b>	<b><u>121,085,145,394</u></b>

Increase and decrease in the balance sheet items without actual movement of cash are not considered in the cash flow statement. This are as follows;

An increase in property, plant and equipment ETB 29,916,710,996 due to loan financing was not considered in the cash flow statement.



**ETHIOPIAN AIRLINES GROUP****NOTES TO THE FINANCIAL STATEMENTS (continued)****30 JUNE 2023****28. ADJUSTMENT ON CHANGE IN OWNERS EQUITY**

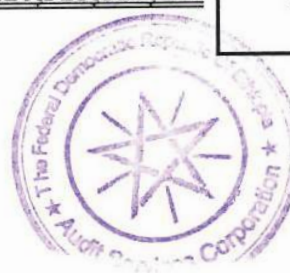
Ethiopian airport one of Ethiopian Airlines segment adjusted changes in owners' equity for ETB 100,000,000 due to cash injection from Government for ongoing airport projects.

**29. RIGHT OF USE ASSETS AND LIABILITY****A-Right of use assets**

	Birr	2022 Birr
Balance brought forward	129,496,330,749	123,234,070,922
Additions	22,861,124,436	3,484,138,005
Depreciation for the year	(21,514,064,051)	(19,324,566,836)
Effects on Translation from Transaction to functional Currency	<u>5,744,257,511</u>	<u>22,102,688,659</u>
<b>Balance carried forward</b>	<b><u>136,587,648,647</u></b>	<b><u>129,496,330,749</u></b>

**B- Lease liability**

	Birr	2022 Birr
Within one year	26,445,596,922	23,482,280,545
between 2 and 5 years	104,827,417,212	100,257,836,741
After 5 years	29,452,908,057	27,700,681,318
Future Interest	(18,539,493,690)	(17,611,431,290)
<b>Present value of lease liabilities</b>	<b>142,186,428,501</b>	<b>133,829,367,314</b>
Repayable as follows		
<b>Within one year</b>	<b>21,860,611,918</b>	<b>19,147,007,022</b>
between 2 and 5 years	92,708,612,888	88,388,616,619
After 5 years	<u>27,617,203,695</u>	<u>26,293,743,672</u>
<b>Total Over A year</b>	<b><u>120,325,816,582</u></b>	<b><u>114,682,360,292</u></b>



**ETHIOPIAN AIRLINES GROUP**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**30 JUNE 2023**

**30. CONTRACT LIABILITY**

	Birr	2022 Birr
Balance brought forward	50,167,440,858	30,837,997,235
Addition for Current Year	561,361,326,747	530,548,417,238
	<b>611,528,767,605</b>	<b>561,386,414,473</b>
Revenue realized from Pervious Year	(55,098,821,561)	(37,958,347,378)
Revenue realized from current year	(312,226,655,510)	(215,097,301,811)
	<b>(367,325,477,070)</b>	<b>(253,055,649,189)</b>
Total Refund amount for current Year	(194,035,849,677)	(264,023,642,766)
Effects on Translation from functional To Presentation Currency on Opening Balance	<u>16,458,103,663</u>	<u>5,860,318,341</u>
<b>Balance carried forward</b>	<b><u>66,625,544,521</u></b>	<b><u>50,167,440,858</u></b>

**31. SEGMENT INFORMATION**

Operating segments are reported in a manner consistent with internal reporting provided to the Chief Operating Decision Maker. The Chief operating decision maker is the executive management members of Ethiopian Airlines.

Ethiopian Airlines Group who makes strategic decisions and are responsible for allocating resources and assessing the performance of the operating segments. The operating segments of Ethiopian Airlines Group are defined based on IFRS 8, considering the 10% threshold of segment revenue, total assets, and profits of the year. Ethiopian Airlines Group Chief Executive Officer monitors the operating results of the business units for making decisions about resource allocation and performance assessment.

Ethiopian Airlines Group has three reportable segments: Ethiopian Airlines, Ethiopian Airports and Ethiopian Skylight Hotel. Ethiopian Airlines Group provides commercial air transportation including passenger, and cargo services, Ethiopian Airports provides airport services and Ethiopian Skylight Hotel provide hotel services.





**ETHIOPIAN AIRLINES GROUP****NOTES TO THE FINANCIAL STATEMENTS (continued)****30 JUNE 2023**

The performance of the business units is evaluated based on segment profit or loss and is measured consistently based on the profit of the year as shown in the combined financial statements. Intersegment revenues and expenses and assets and liabilities were eliminated upon combination.

The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies. Ethiopian Airlines Group accounts for intersegment sales and transfers as if the sales or transfers were to a third party, which is at current market prices.

**(A) Ethiopian Airlines**

	<b>Birr</b>	<b>2022 Birr</b>
Total segment Revenue	337,602,279,652	258,960,588,436
Revenue from External Customers	337,352,181,510	258,833,797,768
Intercompany Revenue	250,098,142	126,790,668
Intercompany Expense	3,717,902,348	1,630,790,191
Total segment Expense	294,295,530,775	214,795,957,362
Expense from External Customers	290,577,628,426	213,165,167,171
Segment profit before tax	43,306,748,877	44,164,631,073
Finance income	1,414,560,527	189,509,625
Finance cost	(8,979,109,604)	(7,951,065,630)
Income tax	-	-
Depreciation and amortization	43,161,783,323	39,027,317,139
Segment Asset	587,041,147,207	511,043,068,657
Segment Liability	372,704,519,478	334,256,115,285

**(B) Ethiopian Airports**

	<b>Birr</b>	<b>2022 Birr</b>
Total segment Revenue	7,701,518,547	3,365,721,625
Revenue from External Customers	4,815,426,506	3,032,990,186
Intercompany Revenue	2,886,092,042	1,534,607,271
Intercompany Expense	45,304,925	30,266,525
Total segment Expense	2,268,423,330	1,724,412,332
Expense from External Customers	2,223,118,405	1,694,145,807
Segment profit before tax	5,433,095,217	3,145,650,040
Finance income	-	-
Finance cost	(288,543,345)	-
Income tax	-	-
Depreciation and amortization	1,060,588,540	877,955,354
Segment Asset	72,716,534,612	65,788,596,901
Segment Liability	9,999,069,774	12,622,620,844



**ETHIOPIAN AIRLINES GROUP**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**30 JUNE 2023**

**(C) Ethiopian SKYLIGHT HOTEL**

	<b>Birr</b>	<b>2022 Birr</b>
Total segment Revenue	1,736,270,603	858,878,924
Revenue from External Customers	904,460,296	850,701,591
Intercompany Revenue	831,810,307	96,182,921
Intercompany Expense	204,793,217	96,524,143
Total segment Expense	1,398,251,364	557,419,064
Expense from External Customers	1,193,458,147	460,894,921
Segment profit before tax	338,019,238	301,459,859
Finance income	-	-
Finance cost	(57,858,484)	(72,711,301)
Income tax	(100,199,949)	(89,646,431)
Depreciation and amortization	441,828,139	76,379,113
Segment Asset	10,446,959,761	452,205,588
Segment Liability	295,980,891	1,718,189,353

**(D) Ethiopian Airlines Group**

	<b>Birr</b>	<b>2022 Birr</b>
Total segment Revenue	347,040,068,802	263,185,188,984
Revenue from External Customers	343,072,068,311	262,717,489,545
Intercompany Revenue	3,968,000,491	1,757,580,859
Intercompany Expense	3,968,000,491	1,757,580,859
Total segment Expense	297,962,205,469	217,077,788,758
Expense from External Customers	293,994,204,978	215,320,207,899
Segment profit before tax	49,077,863,333	47,611,740,973
Finance income	1,414,560,527	189,509,625
Finance cost	(9,325,511,433)	(8,023,776,931)
Income tax	(100,199,949)	(89,646,431)
Depreciation and amortization	44,664,200,003	39,981,651,605
Segment Asset	670,204,641,580	577,283,871,145
Segment Liability	382,999,570,143	348,596,925,483



**ETHIOPIAN AIRLINES GROUP****NOTES TO THE FINANCIAL STATEMENTS (continued)****30 JUNE 2023****32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES****1- Risk Management Framework**

Ethiopian Airlines Group conduct its business activities in a VUCA environment where volatility, uncertainty, complexity, and ambiguity of commercial environment is very difficult to plan and analyse the future of the business. The Group's understanding and knowledge of how to proactively mitigate the risk involved in this commercial environment is very crucial to improve the strategic decision and achieve its corporate Vision.

The Group is exposed to financial risks arising from its underlying operations and financial activities. It is primarily exposed to commodity risk (volatility of fuel prices), Interest rate risk, currency risk and credit risk. The main objective of the airline's risk management framework is therefore to reduce the negative impact of such risks on cash flow, financial performance and equity.

A continuous dialogue is maintained between the senior management and the various departments in the airline to assure the effectiveness of the risk management framework. The risk management system is governed by guidelines defining the structure and processes of risk assessments.

Financial risk management policies and guidelines cover commodity risk, interest rate risk, currency risk and credit risk. Its policies and guidelines cover areas of cash management and raising of short and long-term debt. Compliance to these policies and guidelines is managed by segregated functions within the Group.

**2- Financial Risk Management**

The Group is exposed to financial risks such as changes in exchange rates of various countries, interest rates of various jurisdictions and the volatility of jet fuel prices. In accordance with its financial risk policies and procedures, the Group manages these risk exposures using various instruments when it is appropriate.

**2.1 Currency Risk Management**

Currency risk is a financial risk that the airline is exposed because of the nature of its sales operations. The airline conducts ticket and airwaybill sales activities in multiple currencies and its remittance is exposed to fluctuations in exchange rates.



**ETHIOPIAN AIRLINES GROUP****NOTES TO THE FINANCIAL STATEMENTS (continued)****30 JUNE 2023**

To mitigate this risk exposure, the most common and primary hedging mechanism that the airline uses is to utilize natural hedging, where all local commitments including major direct operating costs such as fuel, landing, and handling are settled in local currency in which the revenue inflows were received to counterbalance any exchange rate fluctuation.

The airline's major commitments such as loan repayments and lease commitments are mostly paid in USD and the concentration account is maintained in USD as well. This can minimize the currency risk in terms of convertibility and volatility.

Major currencies in our revenue stream in Asia and Europe are easily convertible and can be moved to the airline's concentration accounts to protect exposure and they are also precisely managed through the natural hedging. CFA Francs in Africa are pegged to EUR and it only moves when EUR moves against the Dollar and repatriation risks are minimized.

Most of our sales currencies in Africa and some parts of Asia are not tradeable to use onshore derivatives and money market instruments as a risk mitigation tool. To protect the devaluation risk in these jurisdictions, fixed income instruments such as dollar indexed government bonds are used for hedging.

**2.2 Interest Rate Risk**

The Group's interest rate risk primarily relates to its borrowings. Most of the debts are asset backed, which reveals the capital-intensive nature of the Industry. 79% of the loans are denominated in USD and the remaining 21% in other currencies mainly consists of EUR and CNY. 69% of the airline's debts are on fixed and 31% on floating interest rate basis, at an average weighted interest rate of 3.79% p.a.

The interest rate movements are closely monitored on the world market to keep the balance between fixed and floating interest rate loans. Closely monitoring the movement of interest rates will continue and swaps could also be considered if the rate is declining to the desirable level.

Interest rate risk sensitivity analysis is conducted to monitor the impact of fluctuations on the floating portion of the loan and its sensitivity on income statement and equity is assessed.



**ETHIOPIAN AIRLINES GROUP****NOTES TO THE FINANCIAL STATEMENTS (continued)****30 JUNE 2023****Interest Rate Exposure**

	2023		2022	
	Average Interest Rate	ETB In Millions	Average Interest Rate	ETB In Millions
Total Outstanding Loan	3.7%	137,132	3.00%	132,563

**Interest rate risk: Sensitivity Analysis**

A variable interest rate loan is a loan where the interest rate on debt fluctuates throughout the loan period as a result of the rate tied to an index and 1% increase/decrease in the floating interest rate at the reporting date would have increased/decreased profit/loss and equity by the below shown amount.

Profit / Loss & Equity		
Variable Interest Rate Loan	2023	2022
	ETB In Millions	ETB In Millions
1% Increase	(398)	(239)
1% Increase	398	239

**2.3 Commodity Risk (Fluctuations on Jet Fuel Prices)**

Ethiopian Airlines Group is exposed to the volatility of jet fuel prices. This is the risk of loss arising from adverse fluctuations in jet fuel prices. To manage this risk, the airline has adopted a policy of hedging up to 75% of its annual fuel requirements for a maximum period of one year.

All hedging instruments are open for consideration. Currently, due to high volatility of jet fuel prices, with much uncertainty on its direction, lack of clear long-term predictions and uncertainty over technical adjustment to fuel supplies, the Group has not hedged any of its requirements. However, the future jet fuel prices and the hedging practice of competitors are being closely monitored as airline business does not allow automatic price adjustment in case of sudden fall of jet fuel prices below the hedged price.



**ETHIOPIAN AIRLINES GROUP****NOTES TO THE FINANCIAL STATEMENTS (continued)****30 JUNE 2023**

To control and monitor the impact of swings in jet fuel prices on income statement and equity and to identify the effect of increases on crude oil prices on jet fuel, sensitivity analysis is being conducted from time to time. The risk of loss due to price increase is also minimized by practicing a fuel tankering mechanism where more fuel is uplifted in cheaper stations than the expensive ones.

**3- Credit Risk**

The credit risk exposure of the Group primarily emanates from travel agents; both IATA approved and non-IATA sales agents through which its major sales are conducted.

The default risk of IATA sales agents is managed by IATA through local financial criteria which are gauged by the sales volume of each member agent. The Group as participating airline involves in the process of evaluation and decision making of each local financial criterion. A mandatory financial security is required on IATA BSP link platform before the member agents are authorized to sell airline tickets. The financial security is held in the form of bank guarantee, letter of credit or insurance guarantee calculated based on the agent's sales volume.

For non- IATA agents which are connected to the airline's stock directly, the same methodology is used where they will be required to provide an irrevocable bank guarantee or security deposit in line with the volume of their sales and remittance period.

Though the credit risk is minimal, corporate customers, where tickets and air waybills are issued on credit, are also required to sign a full-fledged credit agreement after they present their financial statements fully evaluated for credit fitness.

**33. COMMITMENTS**

Ethiopian Airlines Group has commitments, not provided for in these financial statements of Birr 142,278,241,000.00 for the purchase of 26 aircrafts. The commitments will be financed through long term Loan and partially through the company own funds.

**34. CONTINGENT LIABILITIES**

Ethiopian Airlines Group has contingent liabilities, not provided for in these financial statements of Birr 683,691,124.47 in respect of legal actions brought by different organizations and individuals, which are being contested by Ethiopian Airlines Group.



**ETHIOPIAN AIRLINES GROUP**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**30 JUNE 2023**

**35. EMPLOYEES**

The Ethiopian Airlines Group employed 17,577 staff on 30 June 2023 (2022-14,673).

**36. EVENTS AFTER THE REPORTING PERIOD**

There are no significant events after the reporting period which should be reported in these financial statements.

**37. RELATED PARTIES**

**A. Remuneration of key management personnel**

Key management members and Board members received the following remuneration during the years ended 30 June 2023 and 2022.

	2023 (Birr)	2022 (Birr)
Short term benefit	55,976,508	44,198,561

Compensation of key management personnel includes salaries, housing allowances, fuel allowance, representation allowance and bonus. These amounts are also included in operating expenses.

**B. Other related parties**

As of the reporting date, Ethiopian Airlines Group has investment of 25.26% shareholding in African sky (ASKY) based in Lomé Togo, 49% shareholding in Malawi Airlines based in Lilongwe Malawi, 46% shareholding Tchadia airlines, and 51% Shareholding DHL-ET Logistics Services, 49% Shareholding Zambia Airways.

Outstanding balances at the year-end are interest free and settlements are to be made in cash. For the year-ended 30 June 2023, Ethiopian Airlines Group has maintained provision for doubtful debts relating to amounts owed by ASKY, Malawi airlines, Tchadia, Zambia Airways and DHL-ET Logistics service. Assessment is undertaken at the end of each reporting date through examining the financial position of the related parties and the market in which the related parties operate.



**ETHIOPIAN AIRLINES GROUP**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**30 JUNE 2023**

**Summary of related Parties Balance as of June 30,2023**

Partner airlines	Receivable In ETB	Payable In ETB	Net balance In ETB	Remark
Asky Airlines	1,270,248,825.22	(1,658,256,542.96)	(388,007,717.74)	In favor of Asky
Malawi Airlines	159,146,780.44	(742,337,220.25)	(583,190,439.81)	In favor of Malawian
Tchadia Airlines	326,508,776.12	(227,879,639.54)	98,629,136.58	In favor of ET
Zambian Airways	93,291,144.32		93,291,144.32	In favor of ET
DHL Ethiopian Airlines Logistics	34,987,370.50		34,987,370.50	In favor of ET

**38. SPECIAL PURPOSE VEHICLES**

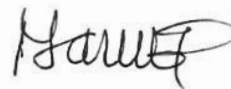
Ethiopian Airlines Group has established special purpose Vehicles for the purpose of selling and leasing back aircraft and accessories in Tax free zone for legal documentation purpose. Those latter are registered in the names of the Special purpose vehicles and either the assets or the special purpose vehicles themselves serve as collateral for loans. No other transactions have been carried out by the special purpose vehicles to be recognized in these financial statements.

**39. DATE OF AUTHORIZATION**

Issue of these financial statement is authorized on 09 January 2024.

  
Adamu Tadele

Group Chief Financial Officer



Mesfin Tasew

Group Chief Executive Officer





# FEEL THE COLOURS OF AFRICA



Book | Pay | Check-In Online

Get it on



[www.ethiopianairlines.com](http://www.ethiopianairlines.com)

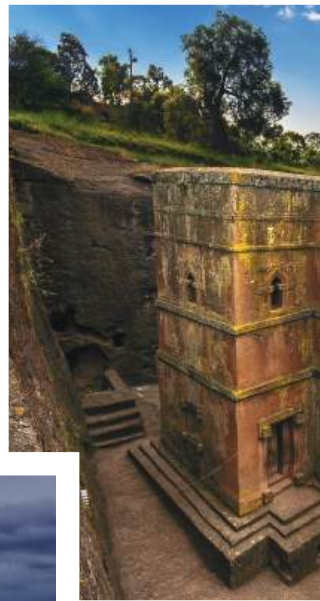


Best Airline in Africa  
for 6 Years in a Row

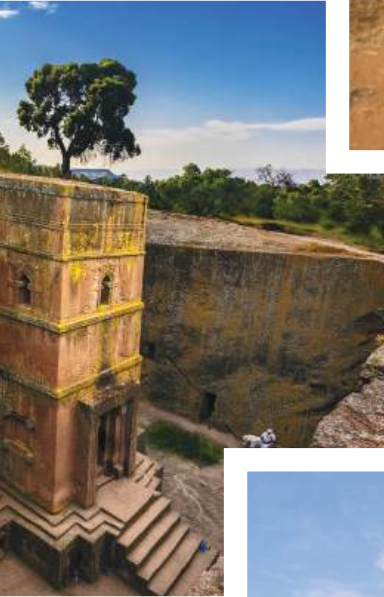
**Ethiopian**  
የኢትዮጵያ  
THE NEW SPIRIT OF AFRICA

A STAR ALLIANCE MEMBER 

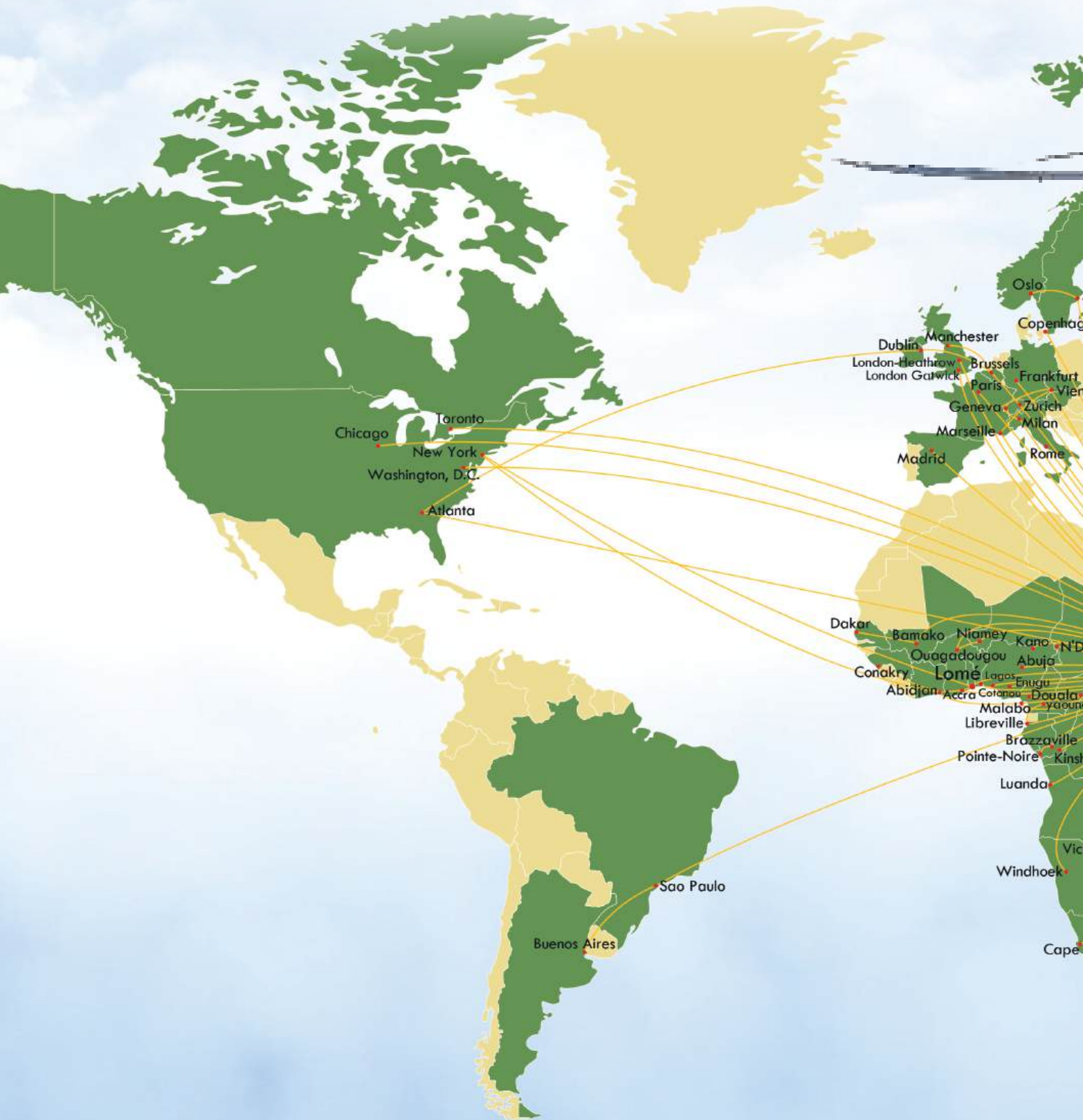
# ENCHANTING ETHIOPIA THE



# LAND OF TIMELESS APPEAL



# MORE THAN 130 INTERNATIONAL ROUTES IN FIVE CONTINENTS



# INTERNATIONAL DESTINATIONS





# MORE THAN 22 DOMESTIC DESTINATIONS



# ANNUAL REPORT 2022/2023

---



---

A STAR ALLIANCE MEMBER 