



Ethiopian
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THE NEW SPIRIT OF AFRICA

A STAR ALLIANCE MEMBER 

ETHIOPIAN AIRLINES GROUP



2023/24

ANNUAL REPORT



AWARD WINNING AIRLINE



BEST AIRLINE IN AFRICA FOR SEVEN YEARS IN A ROW



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



BEST ECONOMY CLASS ONBOARD CATERING IN AFRICA



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OVERVIEW



GROUP CEO MESSAGE



Mesfin Tasew
Group Chief Executive Officer,
Ethiopian Airlines

Ethiopian Airlines Group continued its successful journey with strong achievements in 2023/24 fiscal year. During this period, Ethiopian Airlines Group transported 17.1 million passengers and 754.6 thousand tons of cargo to its extensive global network across five continents. Our modern fleet grew to more than 145 aircraft, and we registered a revenue of USD 7.04 billion.

From our humble beginnings to becoming Africa's leading airline, we have consistently pushed the boundaries of aviation. Our first aircraft delivery, the Douglas C-47 Skytrain, marked the dawn of a new era in Ethiopian aviation. Over the decades, we have continued to acquire and operate the latest eco-friendly aircraft, expanding our fleet size and capacity as our operations expand. In the fiscal year 2023/2024, we have phased in 13 aircraft, and made orders for 100+ aircraft including Boeing 777X which made us the first African carrier to order the aircraft. Ethiopian continued to expand its global network, launching new passenger services to Gatwick, Madrid, Bangui, Freetown and Maun in the fiscal year.

Embracing digitalization, we have implemented a range of innovations to enhance convenience and accessibility to meet the ever-growing needs of our customers. Our digital channels, self-check-in kiosks, self-bag drop, and multiple digital payment options empower our passengers to seamlessly

manage their travel experience. We are continuously working to deliver exceptional, innovative and comfortable travel experience to passengers. Furthermore, our cargo services are now accessible via the Cargo.one booking platform, providing our customers with a comprehensive and efficient solution for their transport needs.

Ethiopian Airlines has been focused on expanding its infrastructure to improve domestic air transport services and provide air connectivity to the community. Accordingly, in the fiscal year, Jinka Airport Terminal, Gode Airport Terminal, Robe Airport Terminal, Nekemte Airport Airfield, and Addis Ababa Domestic Terminal expansion projects were inaugurated and are now serving the community.

Ethiopian Airlines received numerous impressive awards during the 2023/24 fiscal year in various categories. These include the "Best African Airline" award at the Business Traveler Awards 2023, the "Best Cargo Airline-Africa" award at the Arabian Cargo Awards 2023, the "Ethiopian Institutional Achievement Award" from the Federal Government of Ethiopia, the "Best Entertainment Award in Africa" and "Best Wi-Fi Award in Africa" at the 2024 APEX Passenger Choice Awards, and the "Best Airline in Africa" title by Skytrax for the seventh consecutive year in 2024, among others.

Ethiopian strives to be an entity beyond service provider. That is why our 78 years history is marked by significant milestones that extend beyond mere customer satisfaction. As a responsible corporate citizen, Ethiopian Airlines actively participates in various international aviation events. We are proud to highlight our contributions in these initiatives, which align with our mission of promoting global connectivity and fostering sustainable aviation practices. This year we have partnered with African Aviation Services Limited to be the official host national airline for Africa Aviation MRO Africa 2024 Conference and Exhibition. Additionally, we successfully hosted the 12th Aviation Stakeholders Convention and the Inaugural of African Aviation Safety & Operations Summit.

The fiscal year has had its own challenges, however, Ethiopian Airlines management and employees worked in synergy to ensure the group's continued success and lay the foundation to the company's 15-year strategic plan Vision 2035.

I would like to sincerely thank our esteemed customers, dedicated and hard-working staff, as well as our exceptional management team for the invaluable and outstanding performance they demonstrated throughout the fiscal year. Going forward, we will continue our hard work towards maintaining our business sustainability, overcoming challenges that may arise along the way.



BOARD OF DIRECTORS



**LT. GENERAL
YILMA MERDASA**
Board Chairman



MR. TEKLEWOLD ATNAFU
Board V/Chairman

MR. SISAY TOLA
Board Member



MRS. YASMIN WOHABREBBI
Board Member



MR. TADESSE TILAHUN
Board Member



MRS. SELAMAWIT DAWIT
Board Member



THE EXECUTIVE MANAGEMENT



**MR. LEMMA
YADECHA**
CHIEF COMMERCIAL
OFFICER



MR. RETTA MELAKU
CHIEF OPERATING
OFFICER



MR. GETANEH ADERA
A/CEO ETHIOPIAN AIRPORTS



MR. ADAMU TADELE
CHIEF FINANCIAL OFFICER



MR. GETINET TADESSE
CHIEF INFORMATION
OFFICER



MR. GIRMA KEBEDE
MD ETHIOPIAN
GROUND SERVICES



MR. ABEL ALEMU
MD ETHIOPIAN CARGO
& LOGISTICS SERVICES



MR. KIDUS MELKAMU
MD ET MRO SERVICES



**MR. TEKLEHAIMANOT
GYOHANNES**
A/MD ET INTERNATIONAL SERVICES



THE EXECUTIVE MANAGEMENT



**MRS. ZENEBEWORK
GEBRETSADIK**
VP HRM



MR. MENGISTU BEZIE
VP INTERNAL AUDIT, QMS, SMS,
COMPLIANCE AND BUSINESS
SUSTAINABILITY



MRS. RAHEL ASSEFA
VP MARKETING



MR. DANIEL ABEBE
VP STRATEGIC
PLANNING & ALLIANCE



MR. ERMIAS ABEBE
VP LEGAL COUNSEL &
SECRETARIAT



MR. KASSIE YIMAM
VP/PRESIDENT ETHIOPIAN
AVIATION UNIVERSITY



MR. SAMSON AREGA
VP CUSTOMER SERVICES



MR. HAILEMELEKOT MAMO
VP ET HOLIDAY, DIGITAL SALES
AND GCIC



CAPT. YOSEPH HAILU
VP FLIGHT OPERATIONS



MAJOR MILESTONES

AWARDS



Ethiopian Airlines has been honored with the prestigious ‘Ethiopian Institutional Achievement Award’ by the Federal Government of Ethiopia on March 12, 2024. The Award was given by His Excellency Prime Minister Dr. Abiy Ahmed and was conferred to Ethiopian Group CEO, Mr. Mesfin Tasew.

“Ethiopian Airlines Group has been recognized for its significant role during the COVID-19 pandemic, where it ensured vital air connectivity and played a key part in the global distribution of lifesaving medical supplies and vaccines. The airline’s agility and resilience in adapting to the rapidly changing landscape were crucial for the recognition. Additionally, its achievements in fleet modernization, rapid growth, and ongoing internal capacity-building initiatives further contributed to its distinction.”



Ethiopian Airlines Won ‘Best African Airline’ Award at Business Traveler Awards 2023 in September 2023. Business Traveler Awards has named Ethiopian as the Best African Airline for four years in a row, since 2020.



Ethiopian Cargo & Logistics Services, has won the “Best Cargo Airline-Africa” award at the Arabian Cargo Awards, held for the first time in the Cargo category, on Oct. 24, 2023 in Dubai, UAE.

Arabian Cargo Awards is a GCC-based platform with a vision to recognize those behind the success of the Cargo & Logistics Industry. It is the region’s first internet voting based award.



Ethiopian has been crowned as the winner of the “Best Entertainment Award in Africa” and “Best Wi-Fi Award in Africa” at the 2024 APEX Passenger Choice Awards on June 20, 2024.

Ethiopian Airlines has collaborated with multiple service providers to cater to the diverse demographics and passenger tastes. Ethiopian introduced onboard Wi-Fi connectivity using the latest state-of-the-art broadband satellite technology (Ka-band), allowing passengers to enjoy reliable connectivity for sending emails, shopping online, or even chatting on social media while flying over the clouds.



Ethiopian Airlines has been named ‘the 2024 Best Airline in Africa’ by Skytrax on June 24, 2024. ET has received this Award for the last 7 years in a row.

Ethiopian has been honored with the titles for:

- Best Airline in Africa for seven years in row,
- Best Business Class in Africa for six years in row,
- Best Economy Class in Africa for six years in row,
- Best Economy Class Onboard Catering in Africa.



NEW ROUTES OPENED



Ethiopian Airlines commenced a thrice weekly services to/from London-Gatwick starting from November 2023.

The new service will offer a direct flight between London-Gatwick and Addis Ababa onboard Airbus A350 with business class and economy cabins, providing seamless connectivity to Ethiopian Airlines' vast global networks stretched across Africa, Far East, the Americas and Asia.



Ethiopian Airlines Group resumed four weekly passenger services to Madrid, Spain's capital starting from December 2023.

The new services will continue to be vital in linking Africa with Spain's arts and financial center creating critical link to the socio-economic relationships between Madrid and more than 60 African cities where Ethiopian Airlines flies to.



Ethiopian Airlines Group started thrice weekly passenger services to Bangui, Central African Republic (CAR) starting from November 15, 2023. Bangui is not only the capital, but also the largest city of the Central African Republic (CAR).

The flights will have significant contribution in strengthening the socio-economic activities between Addis Ababa and Bangui and beyond. The service has connected the Central African Republic (CAR) to more than 130 international destinations across five continents. With this travel option, Bangui will have a great opportunity to bolster its bilateral ties with the rest of the world. As a true pan Africa carrier, Ethiopian will continue to expand its flights within Africa.



Ethiopian Airlines commenced thrice weekly passenger services to Freetown, Sierra Leone via Ouagadougou. This new route marks yet another milestone in the airline's extensive network expansion endeavor, connecting more African countries and providing travelers with convenient and efficient travel options.

The new services to Freetown will be operated using the modern and environmental friendly Boeing 787-800 aircraft, offering passengers comfortable and enjoyable flight experience. The B787 is equipped with state-of-the-art amenities, including spacious seats, personal entertainment systems, and onboard Wi-Fi, ensuring a pleasant journey for all passengers.

Freetown, the capital of Sierra Leone, is a major port city on the Atlantic Ocean in the western side of Africa and the largest city in Sierra Leone, a country known for its natural beauty and diverse wildlife.



Ethiopian Airlines Group commenced services to Maun, its second destination in the Republic of Botswana after Gaborone.

The new route provides convenient and seamless connectivity for travelers from Ethiopia and other parts of Africa to the popular tourist destination of Maun, which is the gateway to the Okavango Delta.



OTHER MILESTONES



Ethiopian inaugurated e-commerce logistics facility, the first of its kind in Africa on February 29, 2024.

The newly built facility, which is dedicated to e-commerce, mail and courier logistics services, is aimed at bridging logistical gaps and positioning Addis Ababa, as a cross-border e-commerce logistics hub for Africa and beyond.

The E-commerce Logistics Facility is equipped with state-of-the-art technology and meticulously implemented systems. As a result, the facility will offer a range of services including consolidation, deconsolidation, sortation, repacking, labeling and more. Customers can now track and trace their shipments effortlessly from anywhere.



Ethiopian Cargo & Logistics Services commenced freighter services to Casablanca, Morocco on January 9, 2024.

The new service marks a significant milestone as it is our first venture into the Maghreb region as part of our global freighter network. With this addition, we now offer freighter services to 35 destinations across Africa, boosting our commitment to delivering reliable and efficient services. As the largest cargo network operator in Africa and a key air cargo service provider globally, Ethiopian Airlines will continue to broaden its global reach by introducing new routes to facilitate global trade and the flow of goods.



Ethiopian Airlines and Boeing made an agreement for the acquisition of state-of-the-art 777X jets on March 5, 2024: 8 confirmed and 12 optional.

Ethiopian Airlines and Boeing company signed Memorandum of Understanding (MOU) for the purchase of the latest Boeing 777-9 airplanes. The agreement includes the purchase of eight 777-9 passenger airplanes and the potential for up to 12 additional jets by Africa's largest airline, Ethiopian. Ethiopian Airlines' selection of the 777X positions the carrier as the first 777X customer in Africa.



Ethiopian Airlines Group has colorfully celebrated the International Women's Day, March 8 with an all women-functioned flight to London-Heathrow. The airline commemorated the day at Ethiopian Skylight Hotel, honoring women's contribution in the aviation industry. The vibrant celebration took place in the presence of high-ranking government officials, ambassadors, honorable guests alongside the incredible women of Ethiopian Airlines, with the theme "Empowering Women: Connecting Africa".

Ethiopian Airlines Group takes pride in having women professionals across various sectors of its operations, including traditionally male-dominated roles such as pilots, aircraft technicians, and more. Since 2015, the airline has also been operating all-female functioned flights to different destinations around the world, showcasing the professionalism and capability of women in the industry.



Ethiopian Airlines Group, has marked its 78th anniversary, highlighting a legacy of resilience and innovation since 1946. Ethiopian made 78th Anniversary celebration flight to Cairo on April 8, 2024.

Regarding the occasion Ethiopian Airlines Group CEO Mr. Mesfin Tasew said, “This event symbolizes our unwavering commitment to our passengers and reinforces our belief that true leadership lies in serving others first. Serving our passengers on this special flight to Cairo is not only a tribute to our first international service but also a reaffirmation of our dedication to the principles of servant leadership. From our humble beginning back in 1946, we have grown to be the aviation giant in Africa that we are today, pioneering the African aviation with many first aviation innovation introductions to Africa along the way. As we continue to mature, our commitment to excellence only gets stronger.”

In line with Ethiopian’s values of community engagement, passengers received Seasons Greeting Packages and Happy Fasting Messages, reflecting the airline’s respect for diverse traditions. The packages included a postcard commemorating the anniversary, serving as a tangible reminder of the airline’s enduring legacy.

Celebrating its 78th anniversary, Ethiopian Airlines continues to set industry standards with its commitment to innovation, safety, and customer satisfaction. Upholding its mission to bridge Africa with the world, Ethiopian Airlines remains dedicated to enhancing passenger experience, as evidenced by its consideration to offer complimentary Wi-Fi to Cairo-bound travelers.



Annual Ethiopian Employees' Day was celebrated colorfully at Ethiopian Airlines Headquarters on June 8, 2024.



Ethiopian Aviation University graduated close to 2,978 aviation professionals including international trainees in 2023/24 fiscal year.

The graduates were trainees in Ethiopian Aviation University's Pilot, Aviation Maintenance, Cabin Crew, and Commercial Training programs.



Ethiopian Airlines Group inaugurated transformed Addis Ababa Bole International Airport’s Domestic Terminal. The expansion and renovation project has significantly upgraded the terminal, expanding its total built-up area by more than twofold to 25,750 m² and increasing its handling capacity to twofold.



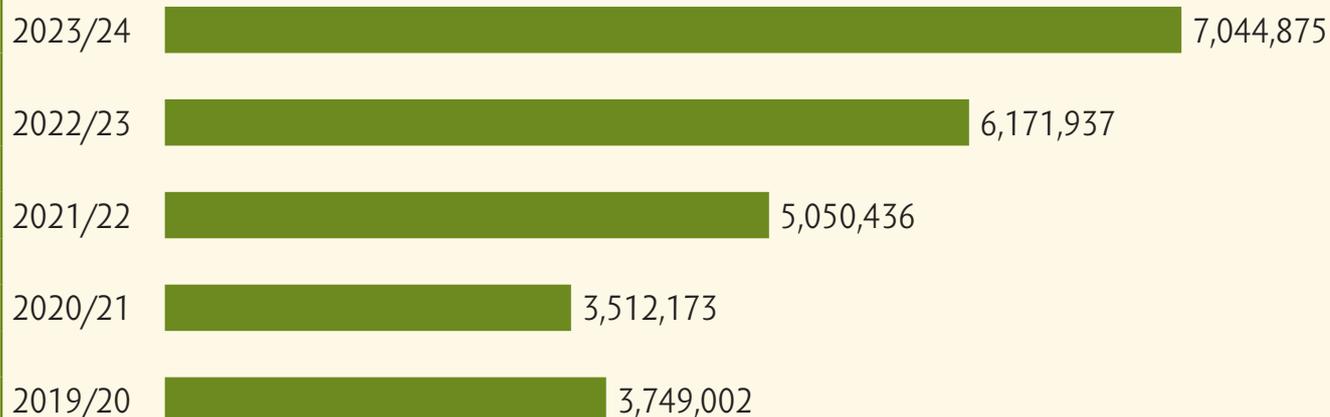
Ethiopian Airlines Group inaugurated Jinka Airport, unveiling a new terminal and support facility buildings. The project covered the construction of a new terminal building having a total built-up area of 3,500 square meter, support facility building, and external facilities including exclusive VIP parking area and other facilities.



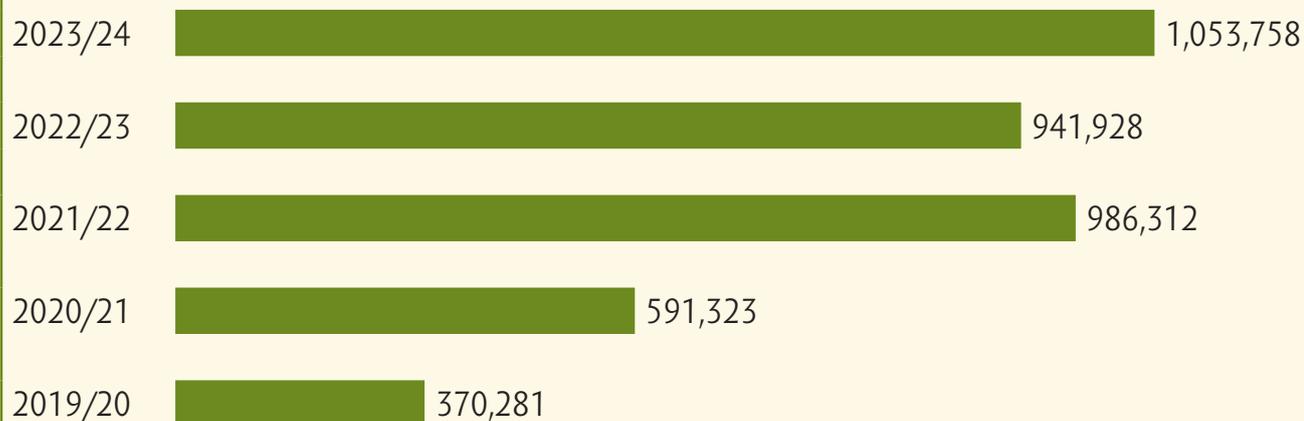
FINANCIAL AND STATISTICAL HIGHLIGHTS

FINANCIAL STATISTICS

TOTAL GROUP REVENUES (USD '000)



GROUP OPERATING PROFIT (USD '000)



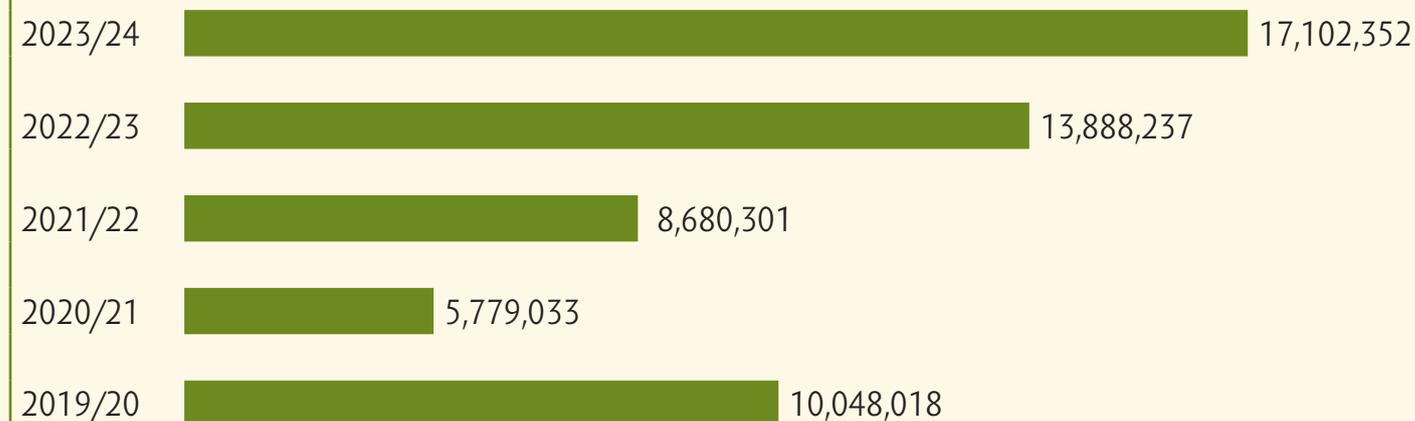
Remark: The functional currency of Ethiopian Airlines Group is USD. For the purpose of preparing our Audited Financial Statements we use ETB.

**TABLE 1: ETHIOPIAN AIRLINES GROUP FINANCIAL SUMMARY**

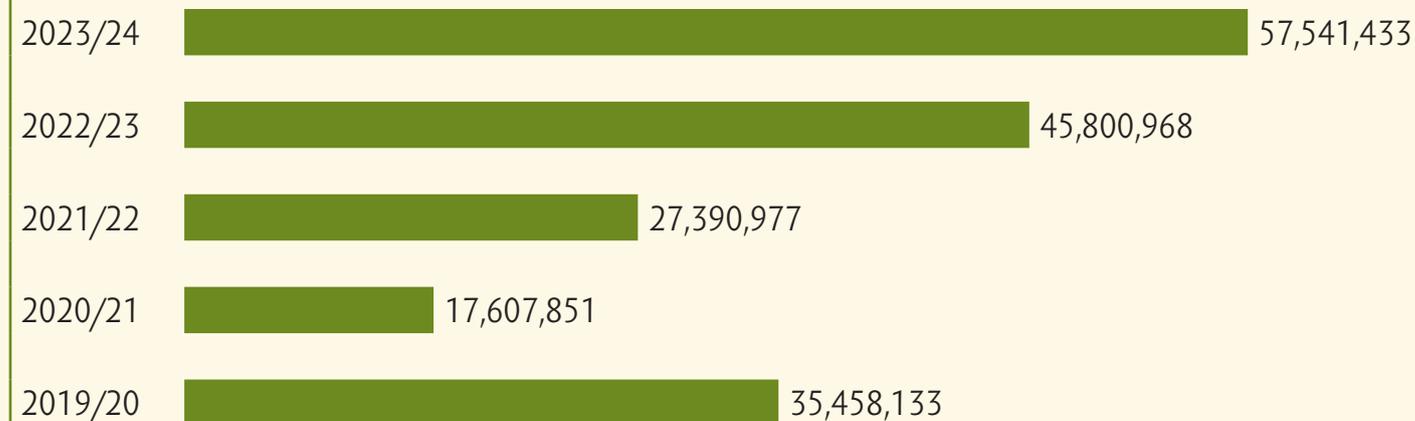
	2023/24	2022/23	% Change
Total Revenues (USD '000)	7,044,875	6,171,938	14
Total Expense (USD '000)	5,991,117	5,230,010	15
Operating Profit (USD '000)	1,053,758	941,928	12
Net Profit Before Tax (USD '000)	860,318	897,714	(4)

OPERATING STATISTICS

TOTAL PASSENGER NUMBER

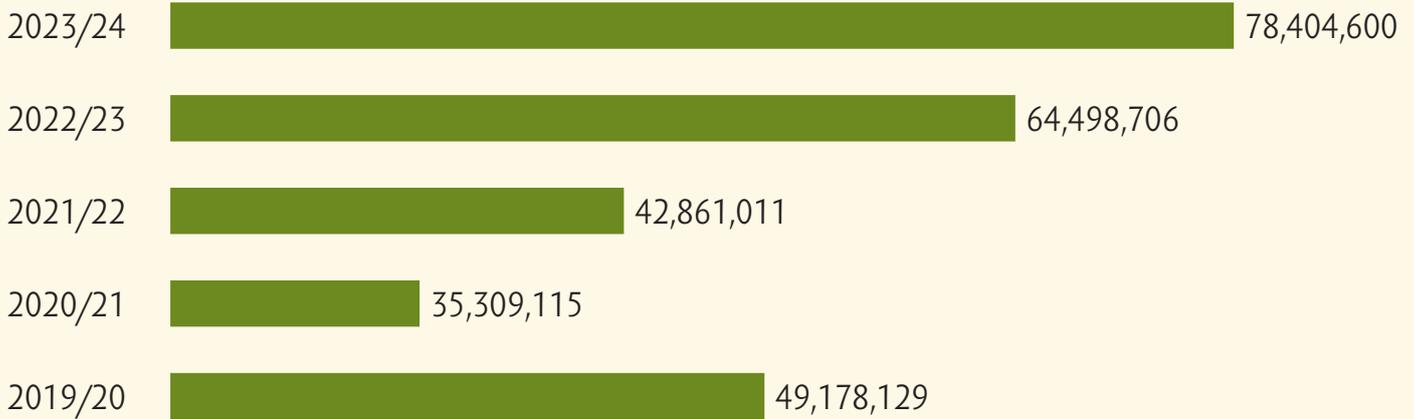


TOTAL REVENUE PASSENGER KMS. (RPK) '000

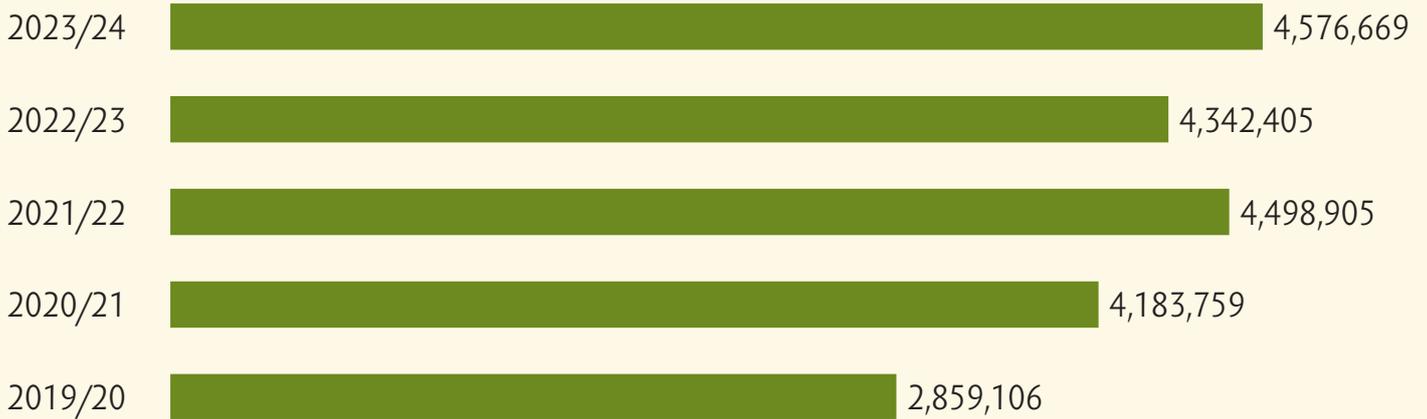




TOTAL AVAILABLE SEAT KMS.(ASK) '000



TOTAL FREIGHT TON KMS. '000



TOTAL AVAILABLE FREIGHTER TON KMS. (AFTK) '000





TABLE 2: ETHIOPIAN AIRLINES GROUP OPERATIONAL PERFORMANCE SUMMARY

DESCRIPTIONS	2023/24	2022/23	% CHANGE
PASSENGER			
Total Passenger Number	17,102,352	13,888,237	23
Total Revenue Passenger Kms. (RPK) '000	57,541,433	45,800,968	26
Total Available Seat Kms. (ASK) '000	78,404,600	64,498,706	22
Passenger Load Factor (%)	73.4	71.0	2.4 points
CARGO			
Total Freight Kilos '000	754,681	713,875	6
Total Freight Ton Kms. '000	4,576,669	4,342,405	5
Total Available Freighter Ton Kms. (AFTK) '000	7,845,334	6,937,471	13
Cargo Load Factor (%)	58.34	62.59	-4.25 points
EMPLOYEE PRODUCTIVITY			
Total Permanent Employees Number	17,591	17,577	0.08
Total Employees Number (including contract & outsource employees)	24,758	22,330	10.9



ETHIOPIAN AIRLINES GROUP



NETWORK

Living its motto of Bringing Africa Together and Beyond, Ethiopian has created the much-needed intra-Africa and transcontinental air connectivity network, linking Africa to the rest of the world.

The major achievements of Ethiopian Airlines Group with regard to Network expansion in the FY 2023/24 were:

- Total Passenger Destinations: 135 destinations (As of June 30, 2024).
- New International Passenger Destinations opened in FY 2023/24 were:
 - Gatwick, England
 - Bangui, Central African Republic
 - Madrid, Spain
 - Freetown, Sierra Leone
 - Maun, Botswana
- Total cargo destination: 69 destinations (As of June 30, 2024).

PASSENGER DESTINATIONS AS AT 30 JUNE 2024





FLEET

Ethiopian Airlines Group maintained its commitment by operating one of the youngest fleets in Africa. The major achievements of the airline regarding fleet expansion in 2023/24 FY were:

NEW PHASED-IN AIRCRAFT:

13 new aircraft phased-in (four B737-8 MAX and one B777F aircraft phased in for ETG and two B737-700, three B737-800 and three B737-8 aircraft phased in for partner airlines)

TOTAL AIRCRAFT:

As of June 30, 2024, Ethiopian operates more than 145 ultra-modern and environmentally friendly aircraft such as Boeing 737s, 777s, 787s, Airbus A350-900 and Bombardier Dash 8-400.

AVERAGE FLEET AGE:

7 years (one of the youngest fleets in Africa).

ORDERED AIRCRAFT:

100+ aircraft order was made with Boeing and Airbus.





ETHIOPIAN INTERNATIONAL PASSENGER SERVICES

Ethiopian Airlines Group is committed in providing a world-class customer service across all cabin classes. Key achievements on international passenger services in the FY 2023/24 were:

TOTAL INTERNATIONAL PASSENGERS CARRIED:

13.38 million (20% increase compared to FY 2022/23).

INTERNATIONAL PASSENGER LOAD FACTOR:

73.16 percentage of seats filled on international flights.

TOTAL REVENUE FROM INTERNATIONAL PASSENGERS (USD):

4.72 billion (67% of total revenue)



SHEBAMILES

ETHIOPIAN LOYALTY PROGRAM

ShebaMiles is the Loyalty Program of Ethiopian Airlines with greater privileges such as bonus miles, extra baggage, priority check-in, boarding and baggage handling, lounge access and much more.

ShebaMiles membership journey goes through four levels, Blue, Silver, Gold, and Platinum.

Starting with 1000 bonus miles for joining the program online, one can earn miles for flying with Ethiopian Airlines, Star Alliance member airlines, other partner airlines and for variety of products and services offered by our program partners.



ETHIOPIAN EXPRESS SERVICES

Ethiopian Airlines Group is committed to enhancing domestic air connectivity and has played a significant role in linking Ethiopia's regions, thereby supporting economic development for all Ethiopians. The key achievements in its express/domestic services in the FY 2023/24 were:

- Total Domestic Passengers Carried: 3.72 million (37% increase compared to FY 2022/23).
- Domestic Load Factor: 83.93 percentage of seats filled on domestic flights.
- Total Revenue from Ethiopian Express Services (USD): 240 Million (48% increase compared to FY 2022/23).
- New Domestic Destination Opened in the FY 2023/24 was Nekemet Airport.
- Total number of Domestic Destinations: 22 Destinations (Addis Ababa, Arba Minch, Assosa, Axum, Bahir Dar, Bale Robe, Dembidollo, Dire Dawa, Gambella, Gode, Gonder, Hawassa, Jijiga, Jimma, Jinka, Kabri Dar, Kombolcha, Lalibela, Mekelle, Semera and Shire as of June 2024).
- Among the domestic airports, two of them are international airports (Addis Ababa and Dire Dawa).





ETHIOPIAN CARGO & LOGISTICS SERVICES

Ethiopian Cargo and Logistics services is the largest cargo network operator in Africa. With 13 wide body and 4 narrow body dedicated aircraft, we serve 69 dedicated cargo destinations.

Ethiopian Cargo offers a dedicated service for general and special cargo including horticulture, pharmaceuticals, valuables, live animals, e-commerce, mail, and couriers through its cutting-edge, fully automated with state-of-the-art technologies cargo facility which has a capacity of 1 million tons per annum.

Ethiopian has made its e-commerce logistics facility operational, starting from March 2024.

In 2023/24FY Ethiopian Cargo transported 755 tons of freight and earned 1.68 billion USD revenue. In the fiscal year Ethiopian Cargo and Logistics Services have received multiple awards.





We Deliver as Fresh as Received



Pharmaceuticals and Health Care Hub



E-Commerce Hub



ETHIOPIAN MAINTENANCE REPAIR AND OVERHAUL (MRO)

Established in 1957, Ethiopian MRO provides maintenance services at stations where Ethiopian flies and extends the services to African and the Middle East operators.

The Ethiopian MRO facility is fully equipped with hangars, engine and component maintenance workshops, and all the necessary equipment to repair and overhaul aircraft, engines, and components.

The Ethiopian Civil Aviation Authority (CAA), Federal Aviation Administration (FAA) and European Union Aviation Safety Agency (EASA) and others have certified the facility. Ethiopian MRO offers world-class services to its customers and helps make Ethiopian one of the most dependable and safest airlines in the world.

In FY 2023/24 Ethiopian Airlines Group made significant activities in its MRO capabilities such as completing several aircraft engineering and planning, engine maintenance, and component maintenance capability development projects.

During the fiscal year, Ethiopian Airlines Group earned a revenue of USD 90 million from MRO Services to third parties, representing a 19% increase compared to 2022/23. The growth indicates the success of the airline's strategic investments in expanding its MRO capabilities and attracting third-party customers.





ETHIOPIAN AVIATION UNIVERSITY

Ethiopian Aviation University (EAU) is the largest and most modern aviation university in Africa and is recognized as ICAO Regional Training Center of Excellence. In addition to the standard training for Pilots, Aircraft Technicians, Cabin Attendants, EAU offers pre and post-graduate programs in BSc in Aeronautical Engineering, Aviation Maintenance Engineering, Aviation Management & Operation, B.A in Tourism & Hospitality Management, MSc in Data Science and MBA in Aviation Management.

In the FY 2023/24, the university enrolled 1,107 new trainees and graduated 1,745 trainees. Additionally, the university provided leadership, customer service, and language trainings to its employees as well as to third-party customers.

The university earned USD 8.53 million revenue during the 2023/24 fiscal year, representing a 21% increase compared to 2022/23. This demonstrates significant growth and reflects the university's successful financial performance and strategic initiatives.





ETHIOPIAN AIRPORTS

Airports provide connections in the operation of the transportation system and have significant multiplier effects on national and regional economies.

Ethiopian Airports, is responsible for the construction, maintenance, and administration of airports in Ethiopia. It administers 2 international and 21 domestic airports in the country.

INFRASTRUCTURE AND FACILITY DEVELOPMENT

Infrastructure development is one of the major responsibilities of Ethiopian Airports. Thus, to satisfy the country's air transport needs Ethiopian Airports accomplished various infrastructure developments both in construction of new airports and upgrading of the existing airports with recent facility and technology in the past few years.

- In 2023/24 fiscal year, various facility development activities were implemented to improve passenger service, including baggage handling system upgrading, passenger self-check in system development, information provision system development, Airfield Ground Lighting (AGL) system upgrading, service digitalization and waste management activities in Addis Ababa and Domestic Airports.
- In the fiscal year, Ethiopian Airports is constructing five new domestic airports at Gore-Metu, Debre Markos, Mizan-Aman, Negele-Borena and Yabello. In addition to these, it is working to start construction of New Mega Hub International Airport in Bishoftu.

AIRPORT SAFETY AND SECURITY

Airport security continues to be challenged from increasing passenger traffic volume and the evolving nature of the threats against civil aviation. Security threats are mitigated through preventive and detective measures including restricted access/areas, installation of update system and aware the airport community on the current security incidents/situation and building the capacity of the security staff.

Ethiopian Airports has undertaken regular meetings with stakeholders on the operation of Addis Ababa and Domestic Airports. In parallel with this, Safety Management System/SMS/ activities were accomplished and monitored at all levels. In 2023/24 fiscal year, various safety related activities including security system development & upgrading, risk identification and safety management activities were accomplished to ensure airport safety.

AIRPORT CUSTOMER SERVICE

Customers expect seamless and transparent airport experiences, evaluating airports based on the collective performance of the entire airport community. To this end, Ethiopian Airports has actively engaged in initiatives aimed at enhancing service excellence.

REVENUE

Airport business development and revenue diversification is vital to long-term growth and financial stability. In 2023/24 fiscal year, USD 164 million revenue was generated from airport services with 22% growth compared to FY 2022/23.





ETHIOPIAN SKYLIGHT HOTEL

Ethiopian Skylight Hotel is an ultra-luxurious, five-star hotel and one of the largest in the African continent. Located at just five-minutes walk from Addis Ababa Bole International Airport, it boasts a total of 1024 rooms, ranging from standard to premium and also added features of Executive Suites, Presidential Suites, accommodations for persons with limited mobility and apartments.

Ethiopian also runs an ultra-luxurious hotel within ADD Airport Departure Terminal 2 (Ethiopian Skylight In-Terminal Hotel), with a capacity of 97 rooms: having conference rooms, restaurant, gym, and other facilities, portraying a convenient option for all air travelers transiting through ADD Airport.

In FY 2023/24 Ethiopian Skylight Hotel earned USD 53.4 million revenue, marking a significant increase of 70% compared to 2022/23 fiscal year. The hotel expanded its services, such as hosting events, conferences, and meetings, which contributed to the increase in revenue.





ETHIOPIAN INFLIGHT CATERING

The Ethiopian In-Flight Catering facility has the capacity to produce 100,000 meals a day. The modern and fully equipped facilities are designed to meet high demand. The new menus offer customers a variety of options, including local Injera, vegan choices, and wide selection of global cuisines, such as Chinese, Halal, Kosher, Indian and Italian. Ethiopian inflight Catering has the certification of GSO-2055 for Separate Halal kitchen, ISO 22000:2018 (Food Safety Management System), ISO 17025:2017 (Laboratory Management System) and ISO 14001:2015 (Environmental Management System).





ETHIOPIAN GROUND SERVICES

Ethiopian Ground Services offers a comprehensive range of ground handling services for both international and regional passenger flights, as well as cargo services for Ethiopian Airlines and other scheduled and ad-hoc customer airlines.

Ethiopian Ground Services, dedicated to delivering quality service, strives to meet customer expectations at all times. Ethiopian Ground Services handle all aspects of ground services for airline arrivals and departures at Addis Ababa and domestic airports using modern ground support equipment, and highly trained and committed staff.

In 2023/24 fiscal year Ethiopian Ground Services generated USD 6.1 million revenue. This represents a 5% increase compared to the revenue earned in the 2022/23 fiscal year.





INVESTMENTS

Ethiopian Airlines Group is the fastest growing Airline in Africa. In its seventy-eight years of operation, it has become one of the continent's leading carriers, unmatched in efficiency and operational success. As part of its multi-hub strategy Ethiopian Airlines Group has continued to invest in establishing several hubs in different African countries. This includes the equity partnerships formed with ASKY in Lomé, Togo, Malawi Airlines in Lilongwe, Malawi and Zambia Airways in Lusaka, Zambia.

Ethiopian has also made huge investments in latest fleet technology and efficient flying machines. In 2023/24 fiscal year 13 aircraft are phased in and 100+ aircraft were ordered.

Ethiopian continues to invest on infrastructure in line with the anticipated fleet growth of both passenger and cargo operations. In line with Vision 2035 growth strategy, ETG's maintenance requirement, technology advancement, training requirement and staff number is expected to grow, and these require construction and expansion of infrastructure facilities.

In 2023/24FY, Ethiopian Airlines Group completed and operationalized different projects. Some of the completed and operationalized major projects were:

- Addis Ababa Bole International Airport Terminal I Expansion and Renovation
- Establishment of Dedicated Electrical Sub-Station
- Construction of New E-Commerce Facility
- Construction of three new regional airports passenger terminals (Gode, Robe and Jinka)
- Construction of Nekemte airport airfield
- Upgrading of Semera airport airfield.

Similarly, the following major projects have progressed well within the fiscal year:

- Construction of New Head Office Building
- Construction of New Water Reservoir and Compound Water System
- Expansion of Addis Ababa Bole International Airport and Rehabilitation of Old Runway
- Feasibility Study of New Mega Hub Airport
- Construction of New MRO Facilities
- Construction of Additional Regional Airports

Ethiopian Airlines Group is also engaged in various ICT investments



HUMAN RESOURCE DEVELOPMENT

Ethiopian Airlines Group is committed to ensuring that its employees are well trained, prepared, and motivated at all times. Ethiopian Airlines Group has a total of 17,591 employees as of June 30, 2024; of which about 40% are female and 60% are male.

RECRUITMENT

Our recruitment targeted various universities, colleges and TVET's across Ethiopia as the main source of graduates with the best academic results. Ethiopian Airlines Group made its recruitment accessible and convenient for job applicants to apply online through the website and in person to get the best candidates.

TRAININGS

In line with Vision 2035 Human Capital Management strategy, Ethiopian focuses on training adequate number of qualified key professionals, who can support its fast, profitable and sustainable growth strategy. The airline trains and recruits employees in key operational areas mainly from the Aviation University.

The airline gives various career related and leadership trainings to employees. In 2023/24FY, the airline provided leadership trainings to 464 employees, and career development trainings to 1,189 employees.

EMPLOYEE HEALTH SERVICES

The airline has a high standard medical unit to provide health services to employees. Among the main services provided are regular check-ups, treatments and health awareness programs. The medical unit is equipped with modern facilities and equipment, and staffed by both full time and part time medical professionals.

Additionally, the airline offers a modern gym for employees, which is designed to enhance employee health, reduce stress, and improve overall productivity by supporting a healthy lifestyle. This facility also contributes to fostering a positive company culture focused on well-being.

OCCUPATIONAL HEALTH & SAFETY

Ethiopian Airlines Group is continuously working on safety, security, and wellbeing of employees. The airline gives various health and safety related trainings to employees. The airline has a well established safety and quality management system.



GENDER BALANCE

The number of female pilots and technicians in the company has reached 67 and 182, respectively. In addition, 296 female staff are serving on various levels of management responsibility (Team leader and above).

The number of female fulltime employees in the organization has reached 38.95% of the total fulltime workforce.

REWARDS AND RECOGNITIONS

The reward strategy of Ethiopian Airlines Group focuses on productivity, performance, long services and accountability.

In order to motivate staff and encourage long service to the airline, Ethiopian provided the below rewards in 2023/24 fiscal year:

- Long Service Award and Recognition, which marks employees 20 ,25, 30, 35+ year service milestone, was celebrated to recognize their loyalty and contribution to the airline.
- Annual Salary Increment was made and allowances revised for the previous year performance results
- Performance based bonus paid for home-based employees and quarterly performance-based payment for outstations (foreign assigned)
- Best performing employees were recognized and awards were given in the period.

TALENT MANAGEMENT

The provision of continuous training and development programs to employees to upgrade their knowledge, skills, and attitude and business culture through in-house and external training programs facilitated the talent mobility and career advancement.



SUSTAINABILITY

OVERVIEW OF ETHIOPIAN AIRLINES GROUP SUSTAINABILITY PRACTICES

Ethiopian Airlines Group integrates sustainability across its operations through environmental, social, and economic initiatives, ensuring long-term growth while minimizing its environmental footprint and enhancing social impact.

ENVIRONMENTAL SUSTAINABILITY

ENVIRONMENTAL MANAGEMENT SYSTEM

Ethiopian Airlines Group integrates sustainability through a structured Environmental Management System (EMS), identifying and mitigating key aspects like waste, emissions, air and noise pollution, and resource consumption.

Certified under ISO 14001 since 2016, Ethiopian Airlines follows international standards across MRO, catering, cargo, procurement, and training, embedding sustainability into operations. Carbon and noise pollution are minimized through fleet modernization and operational efficiency, while energy and water conservation enhance resource use.

CLIMATE CHANGE AND NET-ZERO 2050

Ethiopian Airlines Group is committed to tackling climate change through targeted mitigation and adaptation strategies. Ethiopian Airlines Group recognizes SAF as a key solution for reducing aviation emissions, with the potential to lower the carbon footprint of conventional jet fuel by up to 80%. As part of its commitment to sustainable aviation, Ethiopian Airlines Group has set a target of achieving 5% SAF utilization by 2035.

On the 28th of April 2023, Ethiopian Airlines successfully operated a 30% SAF-powered Airbus A350 delivery flight from Toulouse to Addis Ababa, demonstrating its readiness for SAF integration. While SAF adoption remains limited due to cost and availability, Ethiopian Airlines Group is committed to expanding its use as global blending mandates, such as those in Norway, Sweden, and France, continue to shape the market.

WASTE MANAGEMENT

Ethiopian Airlines Group follows a structured waste management system under its ISO 14001-certified Environmental Management System (EMS), adhering to both local and international regulations. The airline prioritizes waste minimization, reuse, recycling, and recovery to reduce environmental impact. Solid and hazardous waste are managed through proper segregation, storage, and disposal, ensuring compliance with environmental standards. Specialized wastewater treatment technologies are used, particularly in maintenance areas like paint hangars, to prevent pollution. Recycling and recovery initiatives include paper, plastic, and metal recycling, responsible food waste disposal, and safe handling of used oils and lubricants.

BIODIVERSITY AND ANIMAL WELFARE

Ethiopian Airlines Group is committed to biodiversity conservation and wildlife protection, ensuring its operations minimize environmental impact. It conducts Environmental and Social Impact Assessments (ESIA) for all major projects and collaborates with wildlife conservation agencies to mitigate risks near airports. The airline employs wildlife control measures, including deterrents and relocation programs, to enhance aviation safety while protecting ecosystems.



SOCIAL SUSTAINABILITY

OCCUPATIONAL HEALTH AND SAFETY (OHS)

Ethiopian Airlines Group prioritizes employee health and safety by implementing a comprehensive Occupational Health and Safety (OHS) management system aligned with international standards. The airline ensures a safe working environment through risk assessments, workplace safety protocols, and emergency response preparedness. Employees receive regular training on health, safety, and hazard prevention, while personal protective equipment (PPE) and well-maintained facilities further enhance workplace safety.

RISK MANAGEMENT

Ethiopian Airlines Group has implemented a robust Enterprise Risk Management (ERM) framework to proactively identify, assess, and mitigate potential risks. This framework integrates Environmental and Social Risk Management (ESRM) to ensure a balanced and sustainable business approach. Established in 2019, the Group Risk and Fraud Department is responsible for providing a structured risk assessment and mitigation strategy.

PROMOTION OF LOCAL CULTURE AND HERITAGE

Ethiopian Airlines Group is committed to preserving and promoting local culture and heritage across Africa and the world. Through its tourism division, Ethiopian Tourism and Hospitality, the Group undertakes various initiatives to celebrate cultural diversity and support heritage conservation.

ECONOMIC SUSTAINABILITY

Ethiopian Airlines Group, as Africa's largest and fastest-growing airline, plays a significant role in driving economic growth and sustainability in Africa and the world. The Group's operations generate substantial economic value, which is distributed among various stakeholders, including employees, governments, suppliers, and local communities. In the reporting period, the direct economic value generated by Ethiopian Airlines Group includes revenue from passenger services, cargo operations, aircraft maintenance, airport services, hotel and tourism services and auxiliary services. The economic value distributed encompasses operational expenses, employee wages and benefits, payments to governments (taxes and fees), reinvestments in infrastructure, and contributions to community development programs.



CORPORATE SOCIAL RESPONSIBILITY (CSR)

ETHIOPIAN AIRLINES FOUNDATION

Since its formation in 1946, Ethiopian Airlines has been extensively involved in social activities as a socially responsible corporate organization.

Through time, as the company developed and expanded, Ethiopian Airlines Group (ETG), established an independent charity wing known as Ethiopian Airlines Foundation, to strategically pursue its social and philanthropic objectives. In 2023/24 fiscal year, Ethiopian Group has invested a total of ETB 564 million for different governmental and non-governmental charitable organizations to support the community.

Ethiopian Airlines Group, celebrated Easter at Tesfa Berhan Feeding Centre No. 2. At the program, Mr. Mesfin Tasew, Ethiopian Group CEO and the Executive Management staff, and others attended the feeding program sponsored by Ethiopian Airlines Group.



Ethiopian Airlines Group, celebrated Eid-al-Feter at Tesfa Berhan Feeding Centre No. 2. At the feeding program, esteemed government officials, Mr. Retta Melaku, Chief Operating Officer of Ethiopian Airlines, the Executive Management of Ethiopian Airlines Group and others were present.



Ethiopian Airlines and Boeing have partnered to bring 785 kg humanitarian and medical supplies on a newly delivered MAX – B737 – 900 aircraft to a Charity Association – Sile Enat.

Ethiopian Airlines and Boeing have partnered to carry 624 kg of medical equipment (Dialysis machines) on a newly delivered B777- cargo aircraft. The medical supplies were donated to Yeab Medical Centre Rehabilitation located at Menelik II hospital in Addis Ababa.



Ethiopian Airlines donated kitchen wares and utensils to Addis Ababa City Administration Feeding Agency for use in their 20 feeding centers in the city, amounted to ETB 2,068,074.

Ethiopian Airlines Group Foundation donated 48,000 exercise books for 4,000 students and contributed 3.2 million birr for School Feeding Program to students at KG and Primary School located at Woreda 3 Lemi Kura Sub city on September 20, 2023.

In recognition of its significant contributions to Corporate Social Responsibility, Ethiopian Airlines Group has received various accolades.





AUDITED FINANCIAL REPORT

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**AUDIT SERVICES
CORPORATION**

**ETHIOPIAN AIRLINES GROUP
INDEPENDENT AUDITOR'S REPORT
AND
FINANTIAL STATEMENTS**

30 JUNE 2024



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Office of the Federal Auditor General
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 2024, 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 material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Ethiopian Airlines Group as at 30 June 2024 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

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.

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

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.

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

Auditor's Responsibilities for the Audit of the Financial Statements

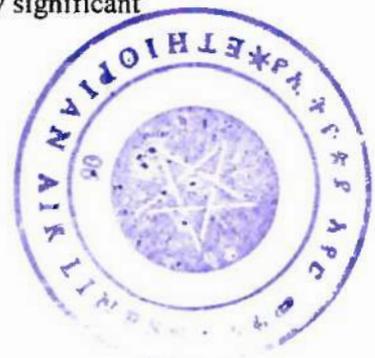
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee 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.

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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

21 November 2024





ETHIOPIAN AIRLINES GROUP
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2024

	Notes	Birr	2023 Birr
Revenue	4(a)	396,703,727,589	332,315,015,044
Other Income	4(b)	4,726,869,747	8,985,619,395
Operating Expense	5	(339,837,470,990)	(281,842,149,682)
GROSS OPERATING PROFIT		<u>61,593,126,346</u>	<u>59,458,484,757</u>
Finance Income	12 (a)	2,475,736,023	1,414,560,526
Finance Costs	12 (b)	(9,895,195,387)	(9,325,511,433)
Gain/ (Loss) On Foreign Currency Translation	2(e),6	(4,880,119,992)	(2,469,670,517)
NON OPERATING GAIN (LOSS)		<u>(12,299,579,356)</u>	<u>(10,380,621,424)</u>
PROFIT FOR THE YEAR		<u>49,293,546,990</u>	<u>49,077,863,333</u>
Profit Tax	26	(316,008,759)	(100,199,949)
PROFIT AFTER TAX		<u>48,977,538,231</u>	<u>48,977,663,384</u>
Other Comprehensive Income (Loss)			
Items that will not be reclassified to profit or Loss			
Gain (Loss) on Translation from functional To Presentation Currency	2(e),7	12,281,156,215	9,440,462,389
Gain (Loss) on Employee Benefits	22(c)(v)	(134,173,531)	(37,762,868)
		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>61,124,520,916</u>	<u>58,380,362,906</u>





ETHIOPIAN AIRLINES GROUP
STATEMENT OF FINANCIAL POSITION
AS OF 30 JUNE 2024

		Birr	2023 Birr
ASSETS	Notes		
NON-CURRENT ASSETS			
Property, plant and equipment	2(f),(g),9	378,046,584,084	341,933,377,577
Intangible Assets	2(i),10	276,322,399	302,019,432
Right of use assets	2(d),29a	120,792,553,434	136,587,648,647
Investment in associates	2(q),11	2,869,202,257	1,552,202,339
Standing deposits	13	41,638,079,851	26,793,759,669
Employee loan receivables	14	341,230,287	412,834,199
		<u>543,963,972,312</u>	<u>507,581,841,863</u>
CURRENT ASSETS			
Stock	2(p),15	16,755,433,602	13,027,394,659
Trade and other receivables	2(k),16	70,584,549,963	47,258,393,258
Employee loan receivables	14	83,601,706	71,367,752
Short term investments	17	46,017,298,426	46,767,820,460
Cash and cash equivalents	2(r),18	66,447,497,628	55,497,823,588
		<u>199,888,381,325</u>	<u>162,622,799,717</u>
TOTAL ASSETS		<u>743,852,353,637</u>	<u>670,204,641,580</u>
EQUITY AND LIABILITIES			
EQUITY			
Authorized - <u>Birr 300,000,000,000</u>			
Paid up capital	19	262,565,358,102	214,142,922,605
Retained Earning			
Other comprehensive income	7	85,209,131,516	73,062,148,831
TOTAL EQUITY		<u>347,774,489,618</u>	<u>287,205,071,436</u>
NON-CURRENT LIABILITIES			
Long term loans	2(k),20	118,612,465,126	117,911,125,253
Provision for maintenance	2(n),21	2,865,733,639	2,455,271,365
Lease liabilities	2(d),29b	104,855,747,647	120,325,816,582
Employee benefit	2(w),22	1,143,254,160	1,258,707,090
Deferred Tax Liability	23	81,181,436	(6,604,560)
Deferred liabilities	24	2,736,572,563	2,301,061,045
		<u>230,294,954,571</u>	<u>244,245,376,775</u>
CURRENT LIABILITIES			
Trade and others Payables	2(k),25	42,287,816,301	30,960,913,374
Contract Liabilities	30	79,704,703,901	66,625,544,521
Profit Tax Payable	26(d)	211,028,862	116,677,427
Current Maturity of Lease Liabilities	2(d),29b	23,544,514,172	21,860,611,918
Current Maturity of Long Term Loans	2(k),20	20,034,846,212	19,190,446,129
		<u>165,782,909,448</u>	<u>138,754,193,369</u>
TOTAL EQUITY AND LIABILITIES		<u>743,852,353,637</u>	<u>670,204,641,580</u>





ETHIOPIAN AIRLINES GROUP
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2024

	<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
Balance at 30 June 2022	100,000,000,000	65,065,259,225	63,621,686,442	-	228,686,945,667
Profit for the year				48,977,663,380	48,977,663,380
Retained Earning	65,065,259,225	(65,065,259,225)			
Transfer to capital	48,977,663,376			(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
Balance at 30 June 2023	<u>214,142,922,601</u>	<u>-</u>	<u>73,062,148,831</u>	<u>-</u>	<u>287,205,071,436</u>
Profit After Tax				48,977,538,231	48,977,538,231
Rental income Tax Payment (Note 28)	(655,102,733)				(655,102,733)
Transfer to capital	48,977,538,231			(48,977,538,231)	-
Government Subsidy (Note 28)	100,000,000				100,000,000
Other comprehensive income(loss) (Note 7)			12,146,982,684		12,146,982,684
Balance at 30 June 2024	<u>262,565,358,103</u>	<u>-</u>	<u>85,209,131,515</u>	<u>-</u>	<u>347,774,489,618</u>





ETHIOPIAN AIRLINES GROUP
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2024

	Note	Birr	2023 Birr
Net Cash Flows From Operating Activities	27	102,809,769,152	108,810,496,377
Cash Flows From Investing Activities			
Interest received		2,206,035,651	1,309,966,248
Payments for property, plant and equipment		(32,747,645,004)	(26,480,308,815)
Change in investment in associates		(1,316,999,917)	(745,092,752)
Increase in standing deposits		(14,844,320,182)	(3,338,047,287)
Payment for short term investment		750,522,034	(22,098,570,958)
Payment for intangible assets		(55,895,272)	(63,301,223)
Net cash used in investing activities		(46,008,302,691)	(51,415,354,788)
Cash Flows From Financing Activities			
Proceed from government subsidy		100,000,000	100,000,000
Interest paid on Lease Liabilities		(4,687,519,882)	(4,686,474,564)
Repayment for lease Liabilities		(18,373,565,580)	(16,194,442,208)
Repayment of borrowings		(21,035,520,938)	(29,344,736,336)
Net cash generated from financing activities		(43,996,606,399)	(50,125,653,108)
Effects on Translation from functional To Presentation Currency		(1,855,186,020)	(2,159,373,479)
Increase in cash and cash equivalents		10,949,674,040	5,110,115,002
Cash and cash equivalents at the beginning of the year		55,497,823,588	50,387,708,586
Cash and cash equivalents at the end of the year		66,447,497,628	55,497,823,588
Cash and bank balances		66,447,497,628	55,497,823,588





ETHIOPIAN AIRLINES GROUP NOTES TO THE FINANCIAL STATEMENTS, 30 JUNE 2024

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 135 international and 21 domestic 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.





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 16 Lease

Amendments to IAS 1 Presentation of Financial Statements

Amendments to IAS 7 and IFRS 7

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





NOT YET EFFECTIVE AND HAVE NOT BEEN EARLY ADOPTED

Title	Effective date (annual periods beginning on or after)	Impact on financial statement assessment status
IFRS 18 Presentation and Disclosure in Financial Statements	01-Jan-27	Impact not assessed
IFRS 19 Subsidiaries without Public Accountability: Disclosures	01-Jan-27	Impact not assessed
Amendments to IFRS 9 and IFRS 7	01-Jan-25	Impact not assessed
Amendments to IAS 21	01-Jan-25	Impact not assessed

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 2024 and have not been early adopted. The following new standards 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.





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 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 73,091 (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 17,542 (USD300) or more.

NEON SIGNS

Neon Signs shall be capitalized if the unit cost of the item is equivalent to Birr 87,710 (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 73,091 (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 2,046,555 (USD 35,000.00) and over
Turbo Prop Airframe	Birr 1,461,825 (USD 25,000.00) and over
Twin Otter Airframe	Birr 877,095 (USD 15,000.00) and over
Jet Engine	Birr 877,095 (USD 15,000.00) and over





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 1,169,460 (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	-
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	-





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.

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 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

has transferred substantially all the risks and rewards of the asset, or

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.





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.





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.

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 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 airlines 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 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.

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 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.

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 2024 Ethiopian Airlines Group contributed Birr 527,992,675 (2023-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.

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.

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.





4. REVENUE

A. REVENUE FROM CONTRACT CUSTOMER

	Birr	2023 Birr
Passenger	263,127,225,983	205,101,267,467
Freight	80,585,148,267	81,656,580,615
Charter	20,226,076,130	21,211,823,096
Excess baggage	7,736,828,097	5,791,905,092
Customer services - work orders	5,155,047,166	4,113,659,613
Airport charges	3,875,588,421	2,421,477,910
Mail	3,039,667,115	2,197,400,771
Commission	3,458,309,070	2,499,657,149
Hotel Services	1,719,843,975	765,400,995
Ground handling	346,045,360	314,076,066
Cargo Terminal	800,321,084	749,513,940
Aviation Academy	488,292,887	382,546,834
In-Flight Sales	1,562,890,094	1,075,399,666
Aircraft lease	814,869,705	917,574,499
Catering Operations	85,090,698	59,164,792
Miscellaneous	3,682,483,538	3,057,566,540
	<u>396,703,727,589</u>	<u>332,315,015,044</u>

B. OTHER INCOME

	Birr	2023 Birr
Write back of creditors account	423,293,540	203,886,271
Revenue from purchase incentive	771,010,357	750,666,518
Others	3,532,565,850	8,031,066,606
	<u>4,726,869,747</u>	<u>8,985,619,395</u>





5. OPERATING EXPENSE

	Birr	2023 Birr
Salaries and related benefits	24,664,979,834	16,917,013,528
Aircraft fuel and oil	152,636,518,500	132,450,356,770
Depreciation of flying equipment	20,123,203,556	17,937,230,051
Depreciation for Right of use assets	20,946,856,539	21,514,064,051
Foreign overhauls	18,665,540,757	14,152,967,906
Overflying and navigation	16,919,575,302	12,580,056,303
Handling	14,471,024,183	11,148,627,316
Landing and parking	5,833,700,756	4,049,309,181
Passengers' expense	10,728,540,548	7,579,748,699
Commission and incentives	10,074,904,252	8,477,846,105
Aircraft materials	7,907,265,512	4,327,859,256
Maintenance of leased aircraft	6,863,929,419	5,605,083,215
Central reservation system charge	6,868,758,710	5,315,091,049
Insurance	2,264,020,735	2,288,557,321
Travel	4,093,386,539	3,001,465,757
Service	4,184,464,741	4,603,212,254
Amortization for Engine Maintenance	1,893,911,393	2,258,967,075
Depreciation non - flying equipment	2,616,408,764	2,330,502,889
Depreciation for Runways, Taxiways & Aprons	474,273,741	460,048,467
Corporate Taxes	1,120,945,866	463,559,242
Communications	1,921,812,155	1,503,505,378
Rentals	1,069,121,660	550,232,642
Supplies	352,775,847	516,218,116
Impairment for Stock	(673,274,875)	141,041,186
Impairment for Trade and other Receivable	891,519,998	173,553,093
Amortization for Intangible Asset	89,125,758	166,924,654
Utilities	224,284,903	181,414,312
Advertising and publishing	61,182,607	59,377,186
Training	42,069,091	13,066,717
Entertainment	10,096,982	7,360,229
Cost of sales hotel	481,227,016	251,593,385
Bank Charges	299,039,121	225,997,819
Credit card Charges	146,544,648	103,885,639
ECL for Cash & Cash Equivalents	22,020,796	48,170,079
Miscellaneous	1,547,715,635	438,242,815
	<u>339,837,470,990</u>	<u>281,842,149,682</u>





6. FOREIGN CURRENCY TRANSLATION

	Birr	2023 Birr
Gain / (Loss) On Translation from Foreign Currency to Functional Currency for Long Term Loans	784,812,451	(822,511,145)
Gain / (Loss) On Translation from Foreign Currency to Functional Currency for others monetary Items	(5,664,932,443)	(1,647,159,373)
	<u>(4,880,119,992)</u>	<u>(2,469,670,517)</u>

7. OTHER COMPRENSIVE INCOME

	Closing Date Exchange Rate Birr	Actual Exchange Rate Birr	Other Comprehensive Income (Loss) Birr
Beginning balance Retained earning	181,617,137,443	(109,344,484,387)	72,272,653,056
Addition From Profit	<u>44,096,244,653</u>	<u>(43,306,748,877)</u>	<u>789,495,775</u>
Equity as of June 30,2023	225,713,382,096	(152,651,233,265)	<u>73,062,148,831</u>
Beginning balance Retained earning	225,713,382,096	(152,651,233,265)	73,062,148,831
Effect Of Currency Translation	<u>11,295,761,844</u>	-	<u>11,295,761,844</u>
Total Beginning balance Retained earning	237,009,143,940	(152,651,233,265)	84,357,910,676
Addition From Profit	44,133,311,859	43,282,091,018	851,220,840
Equity as of June 30,2024	281,142,455,799	(109,369,142,246)	<u>85,209,131,516</u>
OCI for the year 2024			<u>12,146,982,684</u>

8. STAFF COSTS

	Birr	2023 Birr
Salaries and related benefits	23,617,984,965	16,410,766,552
Pension costs - Company contribution	1,270,717,792	813,789,536
	<u>24,888,702,756</u>	<u>17,224,556,088</u>





9. PROPERTY, PLANT AND EQUIPMENT

	Flight Equipment	Land ,Building & Other Property	Engine Maintenance Cost	Land, Runways, Taxiways & Aprons	Work In Progress	Total Balance
	<u>Birr</u>	<u>Birr</u>	<u>Birr</u>	<u>Birr</u>	<u>Birr</u>	<u>Birr</u>
COST						
Opening Balance	339,477,677,442	48,674,337,174	19,025,162,822	43,981,117,360	18,272,782,517	469,431,077,316
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	371,571,301,443	61,068,297,286	19,656,465,726	45,305,706,813	15,195,517,157	512,797,288,431
Effect on Translation from functional To Presentation on Opening Balance	18,565,209,206	1,621,716,939	486,507,255	61,261,872	376,440,702	21,111,135,974
Additions	18,666,828,690	5,755,765,872	2,101,127,658	855,169,867	21,075,731,921	48,454,624,008
Disposals/ Retirements	(69,479,228)	33,298,643	-	-	-	(36,180,585)
Transfer Work In Progress	6,310,192,393	-	-	-	(6,310,192,393)	-
Year ended 30 June 2024	415,044,052,504	68,479,078,740	22,244,100,639	46,222,138,552	30,337,497,387	582,326,867,822
DEPRECIATION						
Opening Balance	(122,680,435,504)	(14,921,079,678)	(14,490,821,963)	(1,582,682,069)	-	(153,850,555,933)
Additions	(17,937,230,051)	(2,330,502,889)	(2,258,967,075)	(460,048,467)	-	(22,986,748,481)
Less; Impairment loss	-	(175,536,719)	-	-	-	(175,536,719)
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	(134,543,710,015)	(17,475,640,905)	(16,801,829,399)	(2,042,730,535)	-	(171,039,447,573)
Effect on Translation from functional To Presentation on Opening Balance	(6,703,230,981)	(716,082,799)	(343,647,793)	-	-	(7,762,961,573)
Additions	(20,123,203,556)	(2,616,408,764)	(1,893,911,393)	(474,273,741)	-	(25,107,797,455)
Effect Of Currency Translation on Depreciation	(464,161,233)	(40,297,941)	(41,154,688)	-	-	(545,613,861)
Year ended 30 June 2024	(161,834,305,786)	(20,848,430,409)	(19,080,543,273)	(2,517,004,276)	-	(204,280,283,744)
NET BOOK VALUE	253,209,746,718	47,630,648,331	3,163,557,366	43,705,134,276	30,337,497,387	378,046,584,084

10. INTANGIBLE ASSET

	Birr	2023 Birr
Balance brought forward	302,019,432	373,936,129
Additional For the Year	55,895,272	82,975,172
Adjustment for pervious Year	-	(74,736,691)
Amortization for Intangible Asset	(95,194,016)	(169,515,205)
Effects on Translation from functional To Presentation Currency	13,601,712	89,360,027
Balance carried forward	276,322,399	302,019,432





11. INVESTMENT IN ASSOCIATES

A. INVESTMENT IN ASSOCIATES

Associates	Percentage of equity owned	Principal activities	Country of incorporation and principal operations
ASKY Airlines (961,107 shares of XOF 10,000 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
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)	37 Shares	Information technology services	Geneva,Switzerland
AAICEC (300,000 shares each par value ETB 1000)	300,000 Shares	Business and entertainment events	Addis Ababa, Ethiopia





B. MOVEMENT OF INVESTMENT IN ASSOCIATES

	Birr	2023 Birr
ASKY Airlines (961,107 shares of XOF 10,000 each par value and each share has one voting right)	1,110,067,378	1,004,190,522
Less; Share of loss from investment	409,888,786	(118,889,517)
Net investment	1,519,956,164	885,301,005
Malawi Airlines (460,000 shares of US Dollars 35 each par value and each share has 1 voting right)	941,415,516	896,548,025
Less; Share of loss from investment	(137,797,730)	(479,895,174)
Net investment	803,617,786	416,652,851
DHL-ET logistics services (5,355 shares each par value Ethiopian Birr 1000), Management effective control under DHL	50,775,986	16,347,257
Less; Share of loss from investment	(14,145,463)	(6,165,632)
Net investment	36,630,523	10,181,625
Ethiopian Sky Technologies P.L.C (6,103 shares each par value Ethiopian Birr 1000)	21,214,933	8,418,911
Less; Share of Gain from investment	270,279	257,398
Net investment	21,485,212	8,676,309
Zambia Airways (450,000 shares each par value ZMW 1)	466,989,233	166,647,190
Less; Share of loss from investment	(211,602,247)	(113,755,969)
Net investment	255,386,985	52,891,222
France Telecom (271,640 shares each par value EUR 11.22)	158,953,977	177,374,837
AAICEC (300,000 shares each par value ETB 1000)	312,772,077	-
Universal Air Travel Plan (UATP) (71 shares each par value USD 20,000)	1,169,460	1,113,724
SITA (37 shares each par value EUR 5)	11,305	10,766
	3,109,983,489	1,552,202,339
Effect Of Currency Translation	(240,781,233)	0
	2,869,202,257	1,552,202,339





12. FINANCE INCOME AND COSTS

A. FINANCE INCOME

	Birr	2023 Birr
Interest income on bank deposits and investment	2,457,346,803	1,391,955,166
Others	18,389,220	22,605,360
Finance income	<u>2,475,736,023</u>	<u>1,414,560,526</u>

B. FINANCE COST

	Birr	2023 Birr
Interest expense on lease liabilities	4,580,085,638	4,686,474,564
Interest Expense on Long Term loans	5,312,312,895	4,638,157,365
Other Finance Costs	<u>2,796,854</u>	<u>879,504</u>
Finance costs	<u>9,895,195,387</u>	<u>9,325,511,433</u>

13. STANING DEPOSITS

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

A. STANING DEPOSIT MOVEMENT

	Birr	2023 Birr
Security Deposit	9,053,892,343	8,821,682,252
Deposit for Pre-delivery payment for aircraft purchase	13(b) 32,649,714,118	18,028,162,864
Less; Effects on Translation from functional To Presentation Currency	<u>(65,526,610)</u>	<u>(56,085,447)</u>
	<u>41,638,079,851</u>	<u>26,793,759,669</u>





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, B787-900 & A350 aircrafts. The delivery schedule is as follows:

	Birr	2023 Birr
Within one year	20,736,754,291	10,467,665,143
Between 2 and 5 years	8,850,391,237	7,560,497,721
After 5 years	<u>3,062,568,590</u>	=
	<u>32,649,714,118</u>	<u>18,028,162,864</u>

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	2023 Birr
Aircraft parts	15,745,670,435	13,355,631,003
Stock of stationery and other materials	<u>2,679,076,592</u>	<u>2,246,730,863</u>
	18,424,747,027	15,602,361,865
Less: Impairment for stock	<u>(1,669,313,425)</u>	<u>(2,574,967,207)</u>
	<u>16,755,433,602</u>	<u>13,027,394,659</u>





16. TRADE AND OTHER RECEIVABLES

	Birr	2023 Birr
Transportation - Others	16,373,852,118	10,350,110,115
Airport Service Charges	573,080,615	209,945,031
Trade Debtors	2,391,240,913	2,823,251,840
Deposits and prepayments	16,012,385,153	16,203,840,746
Transportation - Airlines	10,198,289,758	6,741,228,266
Claims from aircraft lessor	7,194,903,649	2,595,255,626
Ethiopian Government	510,991,922	562,102,691
Value added tax and duties recoverable	4,969,201,432	3,267,689,668
Airmail	59,993,009	63,739,664
Claims from insurance	834,362,300	783,869,434
Miscellaneous	<u>15,951,507,671</u>	<u>7,091,974,170</u>
	<u>75,069,808,539</u>	<u>50,693,007,250</u>
Less: Impairment for Trade and Other Receivables	<u>(4,485,258,576)</u>	<u>(3,434,613,991)</u>
	<u>70,584,549,963</u>	<u>47,258,393,258</u>

17. SHORT TERM INVESTMENTS

	Birr	2023 Birr
Short term Investment	46,605,076,307	46,840,611,342
Less: ECL for Short Term Investments	(6,635,105)	(72,790,882)
Effect Of Currency Translation	<u>(581,142,776)</u>	=
	<u>46,017,298,426</u>	<u>46,767,820,460</u>





18. CASH AND CASH EQUIVALENTS

	Birr	2023 Birr
Cash with foreign banks	57,018,499,102	50,591,393,443
Cash with local banks	26,931,216,666	16,609,415,996
Less: Allowance for ECL	(1,187,344,955)	(1,043,293,007)
Less: Effect Of Currency Translation	<u>(16,327,617,691)</u>	<u>(10,969,972,167)</u>
	66,434,753,122	55,187,544,265
Cash on hand	135,649,093	148,200,847
Effect Of Currency Translation	(122,904,585)	162,078,476
	<u>66,447,497,628</u>	<u>55,497,823,588</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.

20. LONG TERM LOANS

A. LONG TERM LOANS MOVEMENT

	Birr	2023 Birr
Balance brought forward	137,101,571,382	132,563,102,832
Additional loans	16,411,794,904	29,916,710,996
Effects on Translation from Transaction to functional Currency	(784,812,451)	822,511,145
Effects on Translation from functional To Presentation Currency	6,954,278,441	3,785,764,206
	<u>159,682,832,276</u>	<u>167,088,089,178</u>
Less: Repayments	21,035,520,938	29,986,517,797
Balance carried forward	20 (c) <u>138,647,311,338</u>	<u>137,101,571,382</u>
Accrued interest	431,904,785	393,399,220
Principal Payable within One Year	19,602,941,428	18,797,046,910
Total Current Maturity	<u>20,034,846,212</u>	<u>19,190,446,129</u>
Long Term Loan	20 (b) <u>118,612,465,126</u>	<u>117,911,125,253</u>





B. LONG TERM LOAN REPAYABLE SCHEDULE

	Birr	2023 Birr
Within one year	20,034,846,212	19,190,446,129
Between 2 and 5 years	15,542,941,656	19,558,892,108
After 5 years	103,069,523,470	98,352,233,145
Total Long Term Loan	118,612,465,126	117,911,125,253
	<u>138,647,311,338</u>	<u>137,101,571,382</u>

C. LONG TERM LOAN DENOMINATED CURRENCIES

	Birr	2023 Birr
US Dollar	82,765,182,088	95,004,832,729
EURO	45,384,524,853	30,941,543,032
Chinese yuan (CNY)	7,795,046,389	8,332,195,859
Japanese Yen (JPY)	2,702,558,008	2,822,999,762
	<u>138,647,311,338</u>	<u>137,101,571,382</u>

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

	Birr	2023 Birr
Balance brought forward	2,455,271,364	2,044,345,655
Additional For the Year	623,027,251	781,932,799
Utilized In the Year	(335,438,323)	(473,255,790)
Effects on Translation from functional To Presentation Currency	<u>122,873,347</u>	<u>102,248,699</u>
Balance carried forward	<u>2,865,733,639</u>	<u>2,455,271,365</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.





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	2023 Birr
Opening benefit obligation	1,258,707,090	985,585,048
Current service cost (employer)	126,391,014	90,690,438
Interest cost	123,740,504	91,722,923
Actuarial (gain) / loss - due to experience	134,173,531	37,762,868
Past Service Cost		49,712,250
Benefits paid	(86,091,759)	(46,088,621)
Effect on Translation from Transaction to Functional Currency	(413,666,220)	49,322,184
Closing benefit obligation	<u>1,143,254,160</u>	<u>1,258,707,090</u>





II. RECONCILIATION OF ASSETS

	Birr	2023 Birr
Employer contributions	(86,091,759)	(46,088,621)
Benefits paid	86,091,759	46,088,621
Closing market value of assets	<u>0.00</u>	<u>0.00</u>

III. DEFENED BENEFIT OBLIGATION(ASSET) RECOGNIZED IN THE BALANCE SHEET

	Birr	2023 Birr
Present value of funded obligations	1,143,254,160	1,258,707,090
Net underfunding in funded plan	1,143,254,160	1,258,707,090
Defined benefit obligation (asset) recognized in the balance sheet	<u>1,143,254,160</u>	<u>1,258,707,090</u>

IV. AMOUNT RECOGNIZED IN PROFIT OR LOSS

	Birr	2023 Birr
Current service cost (employer)	126,391,014	90,690,438
Interest cost on defined benefit obligation	123,740,504	91,722,923
Past Service Cost	-	49,712,250
Total included in profit and loss in respect of Scheme	<u>250,131,518</u>	<u>232,125,611</u>

V. AMOUNT RECOGNIZED IN OCI

	Birr	2023 Birr
Actuarial (gain)loss - experience adjustments arising from participants` movement	134,173,531	37,762,868
Amount recognized in OCI statement for the fiscal year	<u>134,173,531</u>	<u>37,762,868</u>
These will not be reclassified subsequently to profit or loss		





VI. RECONCILIATION

	Birr	2023 Birr
Net liability at start of period	1,258,707,090	985,585,048
Net expense recognised in the income statement	250,131,518	232,125,611
Employer contributions	(86,091,759)	(46,088,621)
Amount recognized in OCI	134,173,531	37,762,868
Effect on Translation from Transaction to Functional Currency	(413,666,220)	49,322,184
Net liability at end of period	<u>1,143,254,160</u>	<u>1,258,707,090</u>

VII. ACTUARIAL ASSUMPTIONS

	Birr	2023 Birr
Discount rate (% p.a.)	14.75%	14.30%
Future salary increases (% p.a.)	10.00%	10.00%
weighted average duration of defined benefit obligation	7.20	8.00

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 2024 Ethiopian Airlines Group contributed birr 1,270,717,792 (2023 birr 813,789,536).

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.





	Scenario-1 Base	Scenario-2 Discount Rate Increased By 1%	Scenario-3 Salary Rate Increased By 1%
Discount Rate	14.75%	15.75%	14.75%
Salary Increase	10.00%	10.00%	11.00%
Net Liability At start of Period	1,258,707,090	1,258,707,090	1,258,707,090
Total Net Expense Recognised in the Income Statement	250,131,518	250,131,518	250,131,518
Net expense Recognised in the OCI	134,173,530	61,107,452	216,839,948
Employer Contributions	(86,091,759)	(86,091,759)	(86,091,759)
Effect on Translation from Transaction to Functional Currency	(413,666,220)	(413,666,220)	(413,666,220)
Net Liability At end of Period	1,143,254,160	1,070,188,081	1,225,920,577

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	13.75%	14.75%	14.75%	14.75%
Salary Increase	10.00%	9.00%	10.00%	10.00%
Net Liability At start of Period	1,258,707,090	1,258,707,090	1,258,707,090	1,258,707,090
Total Net Expense Recognised in the Income Statement	250,131,518	250,131,518	250,131,518	250,131,518
Net expense Recognised in the OCI	219,083,896	62,365,586	154,748,286	113,435,279
Employer Contributions	(86,091,759)	(86,091,759)	(86,091,759)	(86,091,759)
Effect on Translation from Transaction to Functional Currency	(413,666,220)	(413,666,220)	(413,666,220)	(413,666,220)
Net Liability At end of Period	1,228,164,525	1,071,446,215	1,163,828,915	1,122,515,908

IX. 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 86,091,759 (2023 birr 46,088,621)





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:

	2023
	Birr
Beginning Balance	20,576,459
Current year Deferred tax	(27,181,019)
Deferred Tax Liabilities	<u>(6,604,560)</u>

24. DEFERRED LIABILITIES

	2023
	Birr
Security deposits	460,339,293
Retentions payable	469,860,488
Leased Aircraft maintenance reserve	767,479,036
Miscellaneous	<u>603,382,227</u>
	<u>2,301,061,045</u>





25. TRADE AND OTHER PAYABLES

	Birr	2023 Birr
Transportation tax and embarkation fees	8,587,466,020	5,662,460,181
Payable to oil companies	280,270,234	62,673,159
Goods received but not billed	812,593,216	584,986,441
Customers' advances for work orders	5,729,535	8,951,779
Accruals for leasing and maintenance of aircraft	-	23,623,348
Services received but not billed	19,486,825,201	14,214,703,928
Rental Income Tax Payable	391,705,930	-
Others	<u>12,723,226,164</u>	<u>10,403,514,537</u>
	<u>42,287,816,301</u>	<u>30,960,913,374</u>

26. TAXATION

Ethiopian Airlines Group exempted from business profit tax except rental income tax but one of the segment Ethiopian Skylight Hotel is not exempted from business profit tax.

A. PROFIT OR LOSS ACCOUNT INCOME TAX EXPENSE

	Birr	2023 Birr
Curent Taxation based on profit for the year at 30%	228,222,764	127,380,968
Deferred tax	<u>87,785,994</u>	<u>(27,181,019)</u>
	<u>316,008,759</u>	<u>100,199,949</u>





B. TAX EXPENSE COMPUTATION

		2023
		Birr
Net Profit Before tax	952,480,291	338,019,238
ADD :Dis Allowed expenses		
Depreciation	378,333,741	441,828,139
Provision for doubtful debts	388,716	411,970
Entertainment	6,356,331	3,736,869
Meal Expense	27,910,045	
Gain-Unrealized Exchange Rate	(4,608,780)	(2,009,530)
Interest income	(4,558,062)	(6,158,719)
	1,356,302,283	775,827,968
Less: Allowed Expenses		
Depreciation	595,559,736	351,224,743
Taxable Profit	760,742,547	424,603,225
Tax expense at 30%	228,222,764	127,380,968
Deferred tax	87,785,994	27,181,019
Tax expense	<u>316,008,759</u>	<u>100,199,949</u>

C. RECONCILIATION OF TAX EXPECTED TAX BASED ON ACCOUNTING PROFIT

		2023
		Birr
Net profit before taxation	952,480,291	338,019,238
Tax at the applicable rate 30%	285,744,087	101,405,772
Tax effect of expenses not deductible for tax purpose	121,146,598	131,342,619
Tax effect of expenses deductible for tax purpose	(178,667,921)	(105,367,423)
Deferred tax	87,785,994	(27,181,019)

D. TAX PAYABLE

		2023
		Birr
Tax payable		
Beginning of the year	116,677,427	68,202,619
Paid during the period	(116,677,427)	(68,202,619)
Withholding tax	(17,193,902)	(10,703,541)
Curent year Tax payable	228,222,764	127,380,968
	<u>211,028,862</u>	<u>116,677,427</u>





27. CASH FLOW FROM OPERATING ACTIVITIES

	Birr	2023 Birr
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the year	49,293,546,990	49,077,863,333
Adjustments for;		
Income tax expense recognized in profit or loss	316,008,759	100,199,949
Finance costs recognized in profit or loss	9,895,195,387	9,036,968,088
Interest income recognized in profit or loss	(2,475,736,022)	(1,408,401,807)
Depreciation and amortization	46,143,779,752	44,667,737,186
Amortization of purchase incentives	(771,010,357)	(750,666,518)
Gain on Translation from Transaction to Functional Currency on loans	(784,812,451)	822,511,145
Impairment for Receivables	891,519,998	172,406,539
Impairment for stock	(673,274,875)	66,440,689
Share of loss from associates	131,704,320	117,915,004
Provision for maintenance	623,027,251	781,932,799
Creditors' accounts written back to profit or loss	(423,293,540)	(203,886,271)
	102,166,655,211	102,481,020,136
Movements in working capital		
Increase in stock	(2,822,385,162)	(2,480,827,239)
Increase in Trade and other receivables	(24,376,801,290)	(21,523,054,370)
Increase in Trade and other liabilities	11,326,902,927	11,852,957,690
Increase in Lease Liabilities	13,786,166,682	8,357,061,189
Increase in Contract Liability	13,079,159,380	16,458,103,663
Increase in deferred liabilities	435,511,520	46,683,954
Cash generated from operations	113,595,209,269	115,191,945,023
Finance costs Paid	(5,020,307,727)	(4,307,310,056)
Loss on Translation from Transaction to Functional Currency for others	(5,664,932,443)	(2,004,032,719)
Income tax paid	(100,199,949)	(70,105,870)
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>102,809,769,152</u>	<u>108,810,496,377</u>

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

An increase in property, plant and equipment ETB 16,411,794,904 due to loan financing was not considered in the cash flow statement.

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 and there is also previous year rental income tax payment for amount ETB 655,102,733.





29. RIGHT OF USE ASSETS AND LIABILITY

A. RIGHT OF USE ASSETS

	Birr	2023 Birr
Balance brought forward	136,587,648,645	129,496,330,749
Additions	1,312,200,243	22,861,124,436
Depreciation for the year	(21,463,939,300)	(21,514,064,051)
Effects on Translation from Transaction to functional Currency	<u>4,356,643,834</u>	<u>5,744,257,511</u>
Balance carried forward	<u>120,792,553,434</u>	<u>136,587,648,647</u>

B. LEASE LIABILITY

	Birr	2023 Birr
Within one year	27,623,583,830	26,445,596,922
between 2 and 5 years	84,338,475,807	104,827,417,212
After 5 years	31,311,768,964	29,452,908,057
Future Interest	(14,873,566,782)	(18,539,493,690)
Present value of lease liabilities	128,400,261,819	142,186,428,501
Repayable as follows		
Within one year	23,544,514,172	21,860,611,918
between 2 and 5 years	75,475,729,775	92,708,612,888
After 5 years	<u>29,380,017,862</u>	<u>27,617,203,695</u>
Total Over A year	<u>104,855,747,647</u>	<u>120,325,816,582</u>





30. CONTRACT LIABILITY

	Birr	2023 Birr
Balance brought forward	66,625,544,521	50,167,440,858
Addition for Current Year	1,148,262,720,598	561,361,326,747
	1,214,888,265,118	611,528,767,605
Revenue realized from Pervious Year	(65,254,230,833)	(55,098,821,561)
Revenue realized from current year	(369,773,974,721)	(312,226,655,510)
	(435,028,205,554)	(367,325,477,070)
Total Refund amount for current Year	(713,234,515,043)	(194,035,849,677)
Effects on Translation from functional To Presentation Currency on Opening Balance	<u>13,079,159,380</u>	<u>16,458,103,663</u>
Balance carried forward	<u>79,704,703,901</u>	<u>66,625,544,521</u>

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.

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

	Birr	2023 Birr
Total segment Revenue	396,155,639,566	337,602,279,652
Revenue from External Customers	395,402,563,969	337,352,181,510
Intercompany Revenue	753,075,596	250,098,142
Intercompany Expense	3,923,678,102	3,717,902,348
Total segment Expense	352,873,548,547	294,295,530,775
Expense from External Customers	348,949,870,445	290,577,628,426
Segment profit before tax	43,282,091,018	43,306,748,877
Finance income	2,475,736,023	1,414,560,527
Finance cost	(9,593,644,217)	(8,979,109,604)
Depreciation and amortization	44,573,502,700	43,161,783,323
Segment Asset	651,501,282,459	587,041,147,207
Segment Liability	384,499,192,476	372,704,519,478

B. ETHIOPIAN AIRPORTS

	Birr	2023 Birr
Total segment Revenue	9,061,961,166	7,701,518,547
Revenue from External Customers	6,318,460,050	4,815,426,506
Intercompany Revenue	2,743,501,115	2,886,092,042
Intercompany Expense	24,931,598	45,304,925
Total segment Expense	4,002,985,485	2,268,423,330
Expense from External Customers	3,978,053,887	2,223,118,405
Segment profit before tax	5,058,975,681	5,433,095,217
Finance cost	(256,296,458)	(288,543,345)
Depreciation and amortization	1,187,740,760	1,060,588,540
Segment Asset	82,130,198,419	72,716,534,612
Segment Liability	11,061,974,484	9,999,069,774





C. ETHIOPIAN SKYLIGHT HOTEL

	Birr	2023 Birr
Total segment Revenue	3,067,880,388	1,736,270,603
Revenue from External Customers	1,887,703,402	904,460,296
Intercompany Revenue	1,180,176,987	831,810,307
Intercompany Expense	728,143,999	204,793,217
Total segment Expense	2,115,400,098	1,398,251,364
Expense from External Customers	1,387,256,099	1,193,458,147
Segment profit before tax	952,480,291	338,019,238
Finance cost	(45,254,712)	(57,858,484)
Profit tax	(316,008,759)	(100,199,949)
Depreciation and amortization	378,333,741	441,828,139
Segment Asset	10,220,872,761	10,446,959,761
Segment Liability	516,697,060	295,980,891

D. ETHIOPIAN AIRLINES GROUPE

	Birr	2023 Birr
Total segment Revenue	408,285,481,120	347,040,068,802
Revenue from External Customers	403,608,727,421	343,072,068,311
Intercompany Revenue	4,676,753,698	3,968,000,491
Intercompany Expense	4,676,753,698	3,968,000,491
Total segment Expense	358,991,934,130	297,962,205,469
Expense from External Customers	354,315,180,432	293,994,204,978
Segment profit before tax	49,293,546,990	49,077,863,333
Finance income	2,475,736,023	1,414,560,527
Finance cost	(9,895,195,387)	(9,325,511,433)
Profit tax	(316,008,759)	(100,199,949)
Depreciation and amortization	46,139,577,201	44,664,200,003
Segment Asset	743,852,353,639	670,204,641,580
Segment Liability	396,077,864,020	382,999,570,143





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.

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. 60% of the loans are denominated in USD and the remaining 33% of the loans are in EUR, while remaining 7% consists of CNY and JPY. As of 30 June 2024, 59% of the airline's debt are on fixed and 41% are on floating interest rate basis, at an average weighted interest rate of 3.80% 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.

INTEREST RATE EXPOSURE

	2024		2023	
	Average Interest Rate	ETB In Millions	Average Interest Rate	ETB In Millions
Total Outstanding Loan	3.8%	138,456	3.73%	137,132

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.

Variable Interest Rate Loan	Profit / Loss & Equity	
	2024	2023
	ETB In Millions	ETB In Millions
1% Increase	(31)	(24)
1% Decrease	31	24





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.

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 295,623,728,882.71 for the purchase of 46 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 5,901,472,530.42 in respect of legal actions brought by different organizations and individuals, which are being contested by Ethiopian Airlines Group.

35. EMPLOYEES

The Ethiopian Airlines Group employed 17,591 staff on 30 June 2024 (2023-17,577).

36. EVENTS AFTER THE REPORTING PERIOD

Central bank of Ethiopia announces effective from 29 July 2024 as per Ethiopian Macro economic reform, foreign currency selling and buying exchange rate to be determined based on market. In consequence, Ethiopian Birr is devalued compared to other foreign currencies. Impact on the financial report is expected to reflect on the next reporting period.

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 2024 and 2023.

	2024 (Birr)	2023 (Birr)
Short term benefit	77,619,604	55,976,508

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 22.46% shareholding in African sky (ASKY) based in Lomé Togo, 49% shareholding in Malawi Airlines based in Lilongwe Malawi, 51% Shareholding DHL-ET Logistics Services, 49% Shareholding Zambia Airways, and 51% Ethiopian Sky Technologies P.L.C.

Outstanding balances at the year-end are interest free and settlements are to be made in cash. For the year-ended 30 June 2024, Ethiopian Airlines Group has maintained provision for doubtful debts relating to amounts owed by ASKY, Malawi airlines, Zambia Airways, DHL-ET Logistics service and Ethiopian Sky Technologies P.L.C. 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.

SUMMARY OF RELATED PARTIES BALANCE AS OF JUNE 30, 2024

Partner Airlines	Receivable In ETB	Payable In ETB	Net Balance In ETB	Remark
ASKY Airlines	1,020,452,800	(589,835,510)	430,617,290	In Favor of ET
Malawi Airlines	145,931,634	(657,566,088)	(511,634,453)	In Favor of MALAWIAN
Zambia Airways	225,549,146	(12,113,060)	213,436,086	In Favor of ET
DHL-ET Logistics Service	10,226,735	-	10,226,735	In Favor of ET
Ethiopian Sky Technologies P.L.C	16,740,709	-	16,740,709	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 statements is authorized on 21 November 2024.

Adamu Tadele

Group Chief Financial Officer

Mesfin Tasew

Group Chief Executive Officer



Ethiopian
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A STAR ALLIANCE MEMBER

