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**ETHIOPIAN AGRICULTURAL BUSINESSES
CORPORATION**

AUDITORS' REPORT AND ACCOUNTS

30 SENE 2015 E.C/(7 JULY 2023)

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የተፈቀደለት ኦዲተር/ኢትዮጵያ/
HABTEWOLD MENKIR
CHARTERED CERTIFIED ACCOUNTANTS (U.K.)
AND AUTHORIZED AUDITOR (ETHIOPIA)



'Office 0118-69-63-62
Mobile- 0911-66-07- 93
Fax 0115-58-00-49
Addis Ababa, Ethiopia



email habtemenk@ethionet.et
habteauditor@gmail.com

ETHIOPIA AGRICULTURAL BUSINESSES CORPORATION

Corporate Information

For the year ended 30 Sene 2015 E.C (7 July 2023)

General information

Tax identification Number (TIN) - 0048987983

Business address

Addis Ababa,

Telephone : +251 -114-424-177/84

Fax : +251 1-114-421-312

P.O. Box 6898

Directors (As of 7 July 2023)

| | |
|---------------------------|-------------------------|
| H/E Girma Amentie (Dr) | Board chairman |
| H/E W/ro Aynalem Negussie | Board Deputy / Chairman |
| Ato Woldeab Demissie | Board Member |
| Ato Haileyesus Bekele | Board Member |
| H/E W/ro Atomie Abebe | Board Member |
| Ato Daniel Seleshi | Board Member |
| W/ro Bethelihem Markos | Board Member |

Management Information / Executive management

| | |
|------------------------|---|
| Ato Kifle Woldemariam | Chief Executive Officer |
| Ato Feleke Gezahegn | Deputy CEO, Corporate Operation Main Sector |
| Ato Tensay Mecha | Deputy CEO, Corporate Resource Management Sector |
| Ato Zenebe W/Silassie | Ethiopian Seed and Forest Products Supply Sector Executive Officer |
| Ato Mengistu Kifle | Agricultural Equipment Supply and Mechanization, Service Sector Executive Officer |
| Ato Solomon Geberie | Agricultural Input Supply Sector Executive Officer |
| Ato Assmamamw Gizachew | Vehicles Administration and maintenance Sector Executive Officer |

Principal Bankers

Commercial Bank of Ethiopia
Awash International Bank S.C
Dashen Bank S.C
Abay Bank S.C.

Independent auditor

Habtewold Menkir Chartered Certified Accountants and Certified Audit Firm
P.O Box -4859
email- habteauditor@gmail.com
Addis ababa



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ETHIOPIA AGRICULTURAL BUSINESSES CORPORATION
REPORTS AND ANNUAL FINANCIAL STATEMENTS
REPORT OF THE MANAGEMENT
FOR THE YEAR ENDED 30 SENE 2015 E.C/(7 JULY 2023)

Management has pleasure of presenting their report on the affairs of Ethiopia Agricultural Business Corporation together with the financial statements for the year ended 07 July 2023 (30 Sene 2015 E.C) to the stakeholders of EABC. This report discloses the financial performance and state of affairs of the corporation.

Ethiopia Agricultural Business Corporation (EABC) is a government owned business organization established in December 20 by 2015 by the proclamation No. 368/2015.

Principal activities

The corporation is principally engaged provide Agriculture inputs and technologies that should considerably improve production activities are:-

- To buy from domestic and international markets and supply agricultural inputs; undertake agricultural inputs market price stabilization activities;
- To render agricultural mechanization services, agricultural and construction equipment repair services ad provide rental services of agricultural machineries and transport vehicles;
- To buy from domestic and international markets and supply agricultural machineries and spare parts, construction equipment and agro-chemicals;
- To provide necessary education for the promotion of the use of modern agricultural machineries; provide consultancy service in handling and use of agricultural machineries and provide on the job technical trainings;
- To harvest, buy, value add to and process natural gum, produce other forest products, and supply to domestic and international markets;
- To multiply, clean and process pre-basic and certified seeds of various crops, vegetables and fruits; where necessary import pre-basic seeds and cause their production or sale them; to sell by products;

Operating results

The corporation's results for the year ended 07 July 2023 are set out on page 5. The profit for the year has been transferred to retained earnings. The summarized results are presented below.

| | 7 July 2023 | 7 July 2022 |
|---|-----------------------------|---------------------------|
| | <u>ETB</u> | <u>ETB</u> |
| Revenue | 11,208,140,088 | 4,831,131,560 |
| Profit before income tax | 1,567,240,020 | 498,383,512 |
| Income tax expense | (502,474,123) | (291,412,609) |
| Total comprehensive income for the year | 1,064,765,897 | 206,970,903 |
| Other comprehensive income net of taxes | 1,905,179 | (1,353,129) |
| Total comprehensive income for the year | <u>1,066,671,076</u> | <u>205,617,774</u> |



Management

The management who held office during the year and to the date of this report are set out on Corporate information pages.


Kifle Woldemariam
Chief Executive Officer


Girma Amente (Dr.)
Chairman of Board of Directors



**ETHIOPIA AGRICULTURAL BUSINESSES CORPORATION
STATEMENT OF MANAGEMENT RESPONSIBILITIES
FOR THE YEAR ENDED 30 SENE 2015 E.C/(7 JULY 2023)**

The financial Reporting proclamation no847/2014 requires the Corporation to prepare its financial statements in accordance with the international financial reporting standards (IFRS).

Financial reporting proclamation no 847/2014, require the management to prepare financial statements in respect of that Corporation, which give a true fair view of the state of affairs of the Corporation at the end of the financial year and reporting results of the Corporation for that year. The management is also required to ensure that the Corporation keeps proper accounting records which disclose with reasonable accuracy the financial position of the Corporation. The management is also responsible for safeguarding the assets of the Corporation.

The management is responsible for the preparation and presentation of the Corporation's financial statements which give a true and fair view of the state of affairs of the Corporation for and as at the end of the financial year ended on 30 Sene 2015 E.C (07 July 2023).

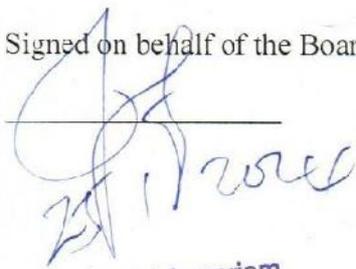
The management accepts the responsibility for the Corporation's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with international financial reporting standards (IFRS). The management is of the opinion that the Corporation's financial statement give a true and fair view of the state of Corporation's transactions during the financial year ended 30 Sene 2015 E.C (07 July 2023) and of the Corporation's financial position as at that date. The management further confirms the completeness of the accounting records maintained for the Corporation, which have been relied upon in the preparation of the Corporation's financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the management to indicate that the Corporation will not remain a going concern for at least the next twelve months from the date of this statement.

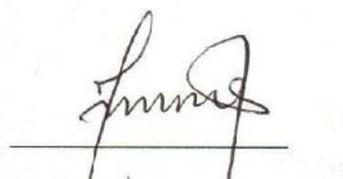
Approval of the financial statements

The Company's financial statements were approved by the Management on 25 January, 2024 and signed on its behalf by:

Signed on behalf of the Board and managements:-


Kifle Woldemariam
Chief Executive Officer




Girma Armente (Dr.)
Chairman of Board of Directors



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የተፈቀደለት አዲተር/ኢትዮጵያ/
HABTEWOLD MENKIR
CHARTERED CERTIFIED ACCOUNTANTS (U.K.)
AND AUTHORIZED AUDITOR (ETHIOPIA)

☎Office 011-869-63-62

☒4859

Mobile- 0911-66-07- 93/0935-99-79-82

Addis Ababa, Ethiopia

Ref No-HWM364/16

INDEPENDENT AUDITORS' REPORT
ETHIOPIA AGRICULTURAL BUSINESSES CORPORATION
1. UNQUALIFIED OPINION

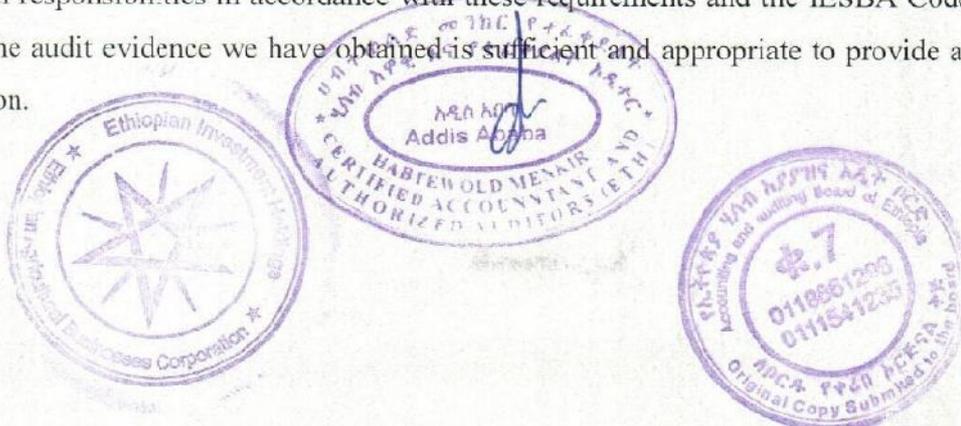
We have audited the accompanying financial statements of Ethiopia Agricultural Businesses Corporation which comprise the statement of the financial position as at 30 Sene 2015 E.C (7 July, 2023), Statement of comprehensive income, Statement of changes in equity, Statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all materials respects, the financial position of the Corporation as at 30 Sene 2015 E.C (7 July, 2023), its financial performance and cash flows for the year ended in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

2. BASIS OF UNQUALIFIED 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 Statement section of our report. We are independent of the Corporation in accordance with the international Ethics Standards Board for Accountants' code of Ethics for Professional Accounts (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 these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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3. KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgments, 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.

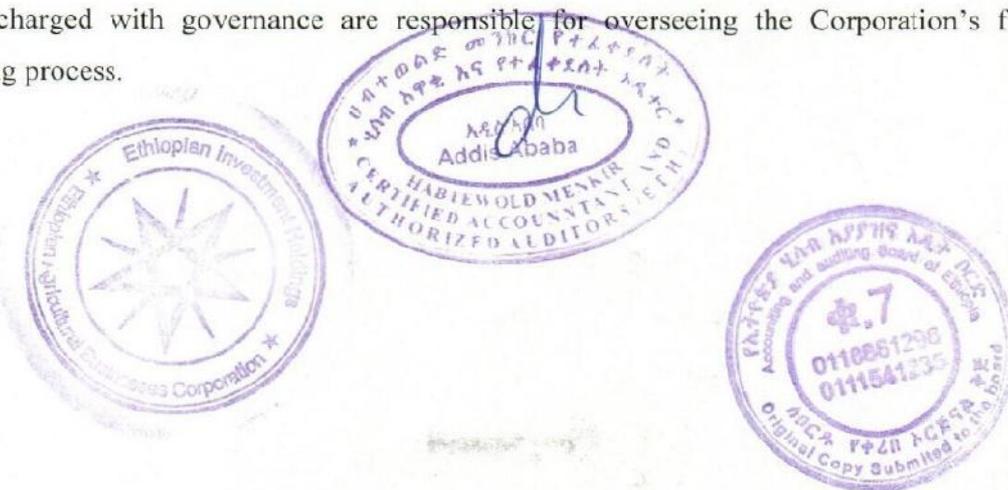
Costs amounting birr 5,824,931 incurred and income generated birr 1,632,781 by Mekelle branch during 2021 and 2022 G.C (battle zone) reflected in the current year financial statement note 5.3 have been considered as key audit matters for our audit during the year. As a result our audit assessed the materiality level which is immaterial (.015% of total sales).

4. RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

The management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), and for such internal control as management determines is necessary to enable the preparation of an Corporation report that is free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Corporation's financial reporting process.



5. AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF 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.

Habtewold Menkir

Habtewold Menkir
Chartered Certified Accountants (UK)
Authorized Auditors (ETH)
Addis Ababa
31 January, 2024



ETHIOPIA AGRICULTURAL BUSINESSES CORPORATION

STATEMENT OF FINANCIAL POSITION

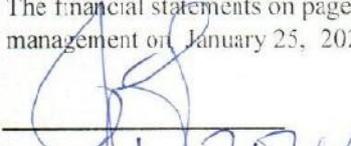
AS AT 07 JULY 2023 / (30 SENE 2015 E.C)

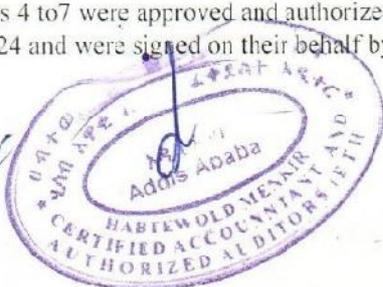
Currency: Ethiopian Birr

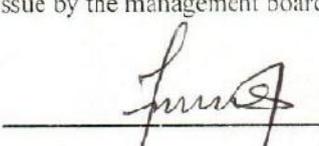
| ASSETS | Notes | 2023 | 2022 |
|--|-------|-----------------------|-----------------------|
| <i>Non-current assets</i> | | | |
| Property, plant and equipment | 6 | 1,402,115,015 | 1,113,560,848 |
| Intangible Assets | 7 | 2,400,017 | 2,880,000 |
| Right of use asset | 8 | 21,356,104 | 21,410,289 |
| | | 1,425,871,136 | 1,137,851,137 |
| <i>Current assets</i> | | | |
| Inventories | 9 | 4,355,541,449 | 6,182,715,259 |
| Biological asset | 10 | 24,589,555 | 6,287,524 |
| Contract asset | 12 | 253,585,382 | 3,163,775,542 |
| Trade and other receivables | 11 | 7,038,580,196 | 3,684,247,747 |
| Cash and cash equivalents | 13 | 3,426,712,760 | 1,791,011,502 |
| | | 15,099,009,340 | 14,828,037,574 |
| TOTAL ASSETS | | 16,524,880,476 | 15,965,888,711 |
| EQUITY & LIABILITIES | | | |
| EQUITY | | | |
| Paid up Capital | 21 | 2,537,814,376 | 2,440,000,000 |
| Retained earnings | 24 | - | (826,071,294) |
| Other reserve | | 2,054,219 | 149,040 |
| Legal Reserve | 22 | 78,145,385 | 24,907,090 |
| | | 2,618,013,980 | 1,638,984,837 |
| LIABILITIES | | | |
| <i>Non-current liabilities</i> | | | |
| Lease obligation | 20 | 11,696,713 | 48,350,417 |
| Long Employee benefit obligations | 19 | 62,097,983 | 56,544,162 |
| Deferred tax liability | 25,d | 167,693,886 | 182,635,084 |
| | | 241,488,582 | 287,529,664 |
| <i>Current liabilities</i> | | | |
| Trade and Other payables | 15 | 3,252,747,729 | 2,248,079,201 |
| Contract liabilities | 16 | 9,758,201,491 | 11,309,415,295 |
| Short term employee benefit | 18 | 111,225,278 | 79,025,932 |
| Provisions for outstanding legal cases | 17 | 71,162,799 | 50,580,542 |
| Employee benefit obligations - Current portion | | 1,146,752 | 1,971,436 |
| Provision for tax | 25,e | 470,893,865 | 350,301,801 |
| | | 13,665,377,914 | 14,039,374,208 |
| Total Liabilities | | 13,906,866,496 | 14,326,903,872 |
| TOTAL EQUITY & LIABILITIES | | 16,524,880,476 | 15,965,888,711 |

The notes on pages 8 to 48 are an integral part of these financial statements.

The financial statements on pages 4 to 7 were approved and authorized for issue by the management board and executive management on January 25, 2024 and were signed on their behalf by:


Woldemariam
 Chief Executive Officer




Girma Amente (Dr.)
 Chairman of Board of Directors



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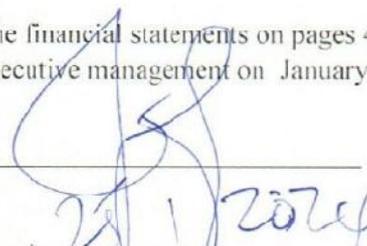
ETHIOPIAN AGRICULTURAL BUSINESSES CORPORATION
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 07 JULY 2023 / (30 SENE 2015 E.C)

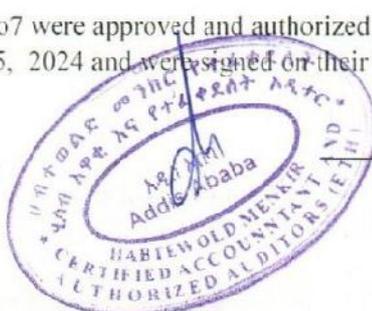
Currency: Ethiopian Birr

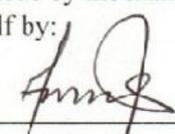
| | Notes | 2023 | 2022 |
|---|-------|----------------------|----------------------|
| Revenue from contracts with Customer | 26 | 11,208,140,088 | 4,831,131,560 |
| Cost of sales | 28 | (8,856,861,201) | (3,642,571,764) |
| Gross Operating Profit | | 2,351,278,888 | 1,188,559,796 |
| Other Income | 27 | 62,919,842 | 61,823,175 |
| | | 2,414,198,730 | 1,250,382,971 |
| Expenses | | | |
| Expected credit loss | 11 a | (39,986,554) | (32,758,608) |
| Cash impairment loss | | (974,452) | - |
| Selling and Distribution Expense: | 29 | (147,208,838) | (92,769,512) |
| General Administration Expenses | 30 | (351,949,453) | (594,823,579) |
| | | (540,119,297) | (720,351,700) |
| Operating profit | | 1,874,079,433 | 530,031,271 |
| Finance Cost-net | 31 | (306,839,413) | (31,647,759) |
| Profit Before Tax | | 1,567,240,020 | 498,383,512 |
| Profit tax expense | 25,c | (502,474,123) | (291,412,609) |
| Profit (loss) for the year | | 1,064,765,897 | 206,970,903 |
| Other Comprehensive Income: | | | |
| Profit (loss) for the year | | 1,064,765,897 | 206,970,903 |
| Remeasurement gain/(loss) on | 19,c | 2,721,684 | (1,933,042) |
| Deferred tax (liability)/asset on | 19,c | (816,505) | 579,913 |
| Other comprehensive income, net of tax | | 1,905,179 | (1,353,129) |
| Total comprehensive income | | 1,066,671,076 | 205,617,774 |

The notes on pages 8 to 48 are an integral part of these financial statements.

The financial statements on pages 4 to 7 were approved and authorized for issue by the management board and executive management on January 25, 2024 and were signed on their behalf by:


Kifle Woldemariam
 Chief Executive Officer




Girma Amante (Dr.)
 Chairman of Board of Directors



ETHIOPIAN AGRICULTURAL BUSINESS CORPORATION
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 07 JULY 2023 / (30 SENE 2015 E.C.)

Currency: Ethiopian Birr

| Description | Paid Up Capital | Legal Reserve | Retained Earnings | Other reserve | TOTAL |
|--|-----------------|---------------|-------------------|---------------|---------------|
| Balance at 7 JULY 2021/(30 Sene 2013 E.C) | 2,440,000,000 | 14,558,545 | (718,139,900) | 1,502,170 | 1,737,920,816 |
| Profit or loss for the year | - | - | 206,970,903 | - | 206,970,903 |
| Transfer to Legal reserve | - | 10,348,545 | (10,348,545) | - | - |
| Prior period taxes paid | - | - | (304,553,752) | - | (304,553,752) |
| Other reserves | - | - | - | (1,353,130) | (1,353,130) |
| Balance at 7 JULY 2022/(30 Sene 2014 E.C) | 2,440,000,000 | 24,907,090 | (826,071,294) | 149,040 | 1,638,984,837 |
| Profit or loss for the year | - | - | 1,064,765,897 | - | 1,064,765,897 |
| Transfer to Legal reserve | - | 53,238,295 | (53,238,295) | - | - |
| Prior period effect of error correction | - | - | (22,580,679) | - | (22,580,679) |
| Prior period taxes paid | - | - | (65,061,254) | - | (65,061,254) |
| Transfer to Paid up Capital | 97,814,376 | - | (97,814,376) | - | - |
| Other reserves | - | - | - | 1,905,179 | 1,905,179 |
| Balance at 7 JULY 2023/(30 Sene 2015 E.C) | 2,537,814,376 | 78,145,385 | - | 2,054,219 | 2,618,013,980 |

The notes on pages 8 to 48 are an integral part of these financial statements.

The financial statements on pages 4 to 7 were approved and authorized for issue by the management board and executive management on January 25, 2024 and were signed on their behalf by:

Kifle Woldemariam
 Chief Executive Officer

Girma Amente (Dr.)
 Chairman of Board of Directors



ETHIOPIAN AGRICULTURAL BUSINESS CORPORATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 07 JULY 2023 / (30 SENE 2015 E.C)

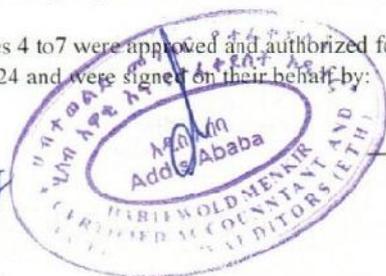
Currency: Ethiopian Birr

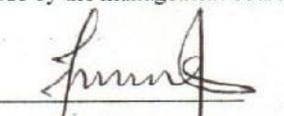
| | <u>2023</u> | <u>2022</u> |
|--|----------------------|----------------------|
| Cash flows from operating activities | | |
| Profit before tax | 1,567,240,020 | 498,383,512 |
| Less: Gain on sale of equipment | (5,521,299) | (9,011,216) |
| Less: Fixed asset and right of use asset adjustment | 928,720 | 2,015,112 |
| Add: Depreciation | 88,831,056 | 83,724,845 |
| Add: Expected credit loss | 39,986,554 | 32,758,608 |
| Add: Cash impairment loss | 974,452 | - |
| Add: Interest expense on lease obligation | 229,616 | - |
| Add: Provision for inventories | (334,977,751) | - |
| Add: Long term employee benefit | 8,597,572 | 7,436,856 |
| Add: Inter branch head office accounts | 0 | 45,948 |
| Decrease (increase) in trade and other receivables | (3,394,319,002) | (892,798,060) |
| Decrease (increase) in contract assets | 2,910,190,160 | (2,227,183,782) |
| Decrease (increase) in inventories | 2,162,151,561 | (3,488,626,432) |
| Decrease (increase) in biological assets | (18,302,031) | 3,697,903 |
| Decrease (increase) in non-current asset held for sales | - | 483,999 |
| Increase (decrease) in trade and other payables | 1,004,668,528 | 1,336,713,399 |
| Increase (decrease) in contract liabilities | (1,551,213,804) | 6,148,334,765 |
| Increase (decrease) in short term employee benefit obligations | 32,199,346 | 19,865,110 |
| Increase (decrease) in provisions for outstanding legal cases | 20,582,257 | (32,381,579) |
| Long term employee benefit paid | (1,146,752) | (1,971,436) |
| Profit taxes paid | (350,301,801) | (431,069,316) |
| Prior period taxes paid | (65,061,254) | (33,475,374) |
| Prior period adjustments | (22,580,679) | - |
| Withholding tax paid | (47,337,961) | (33,409,776) |
| Net cash from (used in) operating activities | 2,045,817,508 | 983,533,087 |
| Cash flows from investing activities | | |
| Expenditure for PPE and intangible assets | (378,383,696) | (172,526,145) |
| Additions to right of use asset | - | (18,396,991) |
| Proceeds from sale of Non-current assets | 6,125,220 | 9,622,425 |
| Net cash from (used in) investing activities | (372,258,476) | (181,300,710) |
| Cash flows from financing activities | | |
| Less: Land lease payment | (67,410) | - |
| Less: Lease purchase payment | (36,815,910) | (17,395,478) |
| Net cash from (used in) financing activities | (36,883,324) | (17,395,478) |
| Net increase (decrease) in cash and cash equivalents | 1,636,675,709 | 784,836,895 |
| Cash and cash equivalents at beginning of year | 1,791,011,502 | 1,006,174,607 |
| Cash and cash equivalents at end of year | 3,427,687,211 | 1,791,011,502 |
| Cash and Cash Equivalent at end of the year | | |
| Cash on hand | - | 2,936,132 |
| Cash at bank | 3,427,687,211 | 1,788,075,370 |
| Total Net Cash and cash Equivalent at end of the year | 3,427,687,211 | 1,791,011,502 |

The notes on pages 8 to 48 are an integral part of these financial statements.

The financial statements on pages 4 to 7 were approved and authorized for issue by the management board and executive management on January 25, 2024 and were signed on their behalf by:


Kifle Woldemariam
 Chief Executive Officer




Girma Amente (Dr.)
 Chairman of Board of Directors



**ETHIOPIAN AGRICULTURAL BUSINESS CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 07 JULY 2023 / (30 SENE 2015 E.C)**

1 General information

Ethiopian Agricultural Business Corporation was established by Council of Ministers Regulation No. 368/2015 on 22nd of December 2015, with the objective to;

- Buy from domestic and international markets and supply agricultural inputs, process same; undertake agricultural inputs market price stabilization activities;
- Render agricultural mechanization services, agricultural and construction equipment repair services and provide rental services of agricultural machineries and transport vehicles;
- Buy from domestic and international markets and supply agricultural machineries and spare parts, construction equipment and agro-chemicals;
- Provide necessary education for the promotion of the use of modern agricultural machineries; provide consultancy service in handling and use of agricultural machineries and provide on the job technical trainings;
- Harvest, buy, value add to and process natural gum, produce other forest products, and supply to domestic and international markets;
- Undertake agricultural land development studies and preparation of designs, agricultural land surveying, clearing, leveling, drainage and irrigation activities as well as other activities related to agricultural land development;
- Cause undertaking of feasibility studies, design preparation, technology selection and negotiation, erection and commissioning of new and expansion projects as well as for research activities;
- Cause the local designing and manufacturing of agricultural machineries and spare parts in partnership with capable local and foreign companies;
- Work in cooperation with the concerned educational research and training institutions in producing trained manpower in such fields, numbers and quality as required by the sector;
- Undertake studies, based on direction given to it by the Ministry of Public Enterprises, for the acquisition of financial, technological and modern governance inputs (including attracting investments or participating in investments) that can help it to become competitive, both locally and globally, and profitable and implement same upon approval;
- Multiply, clean and process pre-basic, basic and certified seeds of various crops, vegetables and fruits; where necessary import pre-basic seeds and cause their production or sale them; to sell byproducts
- Undertake research and implement improvements with respect to the supply of agricultural inputs, agricultural machineries repair, the production and marketing of natural gum, mechanization services and related matters and thereby ensure its competitiveness;
- Tell bonds, collateralize, negotiate and sign loan agreements with local and foreign sources in accordance with directives issued by the Ministry of Finance and Economic Corporation and on the basis of the guidance of Ministry of Public Enterprise;
- Engage in other related activities for the attainment of its purposes.

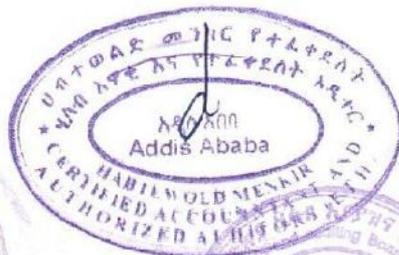
The Corporation is accountable to Ethiopian Investment Holding and governed by the Public Enterprises establishment proclamation Nc. 25/1992. It is domiciled in Ethiopia.

The address of its registered office is:

Post Office Box 6898,

Email: ethagribusco.gov.et,

Akaki-Kality Sub-city, Woreda/06, Addis Ababa, Ethiopia



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2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to year presented.

2.1 Basis of preparation

These financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and related interpretations as issued by International Accounting Standard Board (IASB).

The financial statements have been prepared under the historical cost convention except for certain properties and financial instruments that are measured at revalued amounts or fair values as explained under significant accounting policies section below.

2.2 Functional and presentation currency

a) These financial statements are presented in Ethiopian Birr (ETB), which is the Corporation's functional currency. All financial information presented in Ethiopian Birr has been rounded to the nearest birr in the Corporation's financial statements and in the notes to the financial statements.

b) Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of profit or loss and other comprehensive income unless it qualifies for capitalization to fixed assets or effectively hedged.

2.3 Going Concern

The financial statements have been prepared on a going concern basis. The management has made an assessment of corporation's ability to continue as going concern and is satisfied that the corporation has resources to continue in business for foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the corporation's ability to continue as going concern. Therefore, The management have no doubt that the corporation would remain in existence after 12 months.

2.4 Accounting estimates

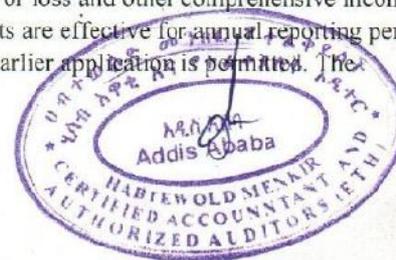
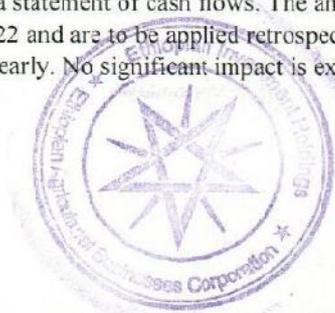
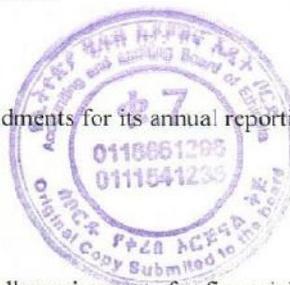
The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the management to exercise their judgment in the process of applying the Corporation's accounting policies. The areas involving higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in note 3 below.

2.5 Changes in accounting policies and disclosures

2.5.1 The Corporation has applied the following standards and amendments for its annual reporting period commencing 8 July 2022:

IAS 1: Presentation of Financial Statements

IAS 1 "Presentation of Financial Statements" sets out the overall requirements for financial statements, including how they should be structured, the minimum requirements for their content and overriding concepts such as going concern, the accrual basis of accounting and the current/non-current distinction. The standard requires a complete set of financial statements to comprise a statement of financial position, a statement of profit or loss and other comprehensive income, a statement of changes in equity and a statement of cash flows. The amendments are effective for annual reporting periods beginning on or after January 1, 2022 and are to be applied retrospectively. Earlier application is permitted. The Corporation has opted not to adopt early. No significant impact is expected.



IAS 37: Provision, contingent liabilities and contingent assets

IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" outlines the accounting for provisions (liabilities of uncertain timing or amount), together with contingent assets (possible assets) and contingent liabilities (possible obligations and present obligations that are not probable or not reliably measurable). Effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011, earlier application is permitted. The amendments are effective for annual periods beginning on or after January 1, 2022. Early application is permitted. The Corporation opted to apply the amendments when due.

IFRS 3: Business combination

IFRS 3 "Business Combinations" outlines the accounting when an acquirer obtains control of a business (e.g. an acquisition or merger). Such business combinations are accounted for using the 'acquisition method', which generally requires assets acquired and liabilities assumed to be measured at their fair values at the acquisition date. Effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011, earlier application is permitted. The amendments are effective for annual periods beginning on or after January 1, 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated Conceptual Framework) at the same time or earlier. The standard is not relevant for the Corporation's reporting purpose as of now. The amendments shall be considered when the Corporation gets involved in a transaction that involve business combination.

Annual Improvements to IFRS Standards 2018–2020

IFRS 9 – The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

IFRS 16 – The amendment to Illustrative Example 13 Corporationing IFRS 16 removes from the example the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.

IAS 41 – The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.

The improvements are effective for annual reporting periods beginning on or after 1 January 2022. Early application is permitted. The Corporation shall apply the improvements when due. The improvements are not expected to have huge impact on the Corporation's financial statements.

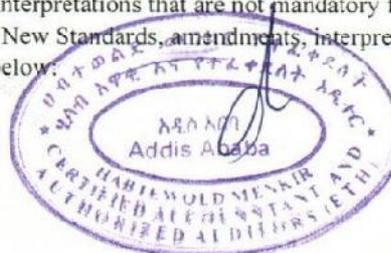
Property, Plant and Equipment — Proceeds before Intended Use (Amendments to IAS 16)

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss. Annual reporting periods beginning on or after 1 January 2022. The Corporation opted to apply the amendments when due.

The amendments listed above did not have any impact on the amounts recognized in prior periods and are not expected to significantly affect the current or future periods.

2.5.2 New Standards, amendments, interpretations not yet effective but earlier adopted by the Corporation

There are no new standards and amendments to standards and interpretations that are not mandatory for the period ending 30 June 2023 and have been early adopted by the Corporation. New Standards, amendments, interpretations not yet effective and not early adopted by the Corporation are set out below.



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IAS 12 amendments on deferred tax

Deferred tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) that clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. Effective for annual reporting periods beginning on or after 1 January 2023. The Corporation shall apply the amendment when due. The amendments are not expected to have an impact on the Corporation's financial statements.

Definition of Accounting Estimates (Amendments to IAS 8)

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error. Effective for annual reporting periods beginning on or after 1 January 2023. The Corporation shall apply the amendment when due. The amendments are not expected to have an impact on the Corporation's financial statements.

Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)

The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy. Examples of when an accounting policy is likely to be material are added. To support the amendment, the Board has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2. Effective for annual reporting periods beginning on or after 1 January 2023. The Corporation shall apply the amendment when due. The amendments are expected to have an impact on the Corporation's financial statements.

Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)

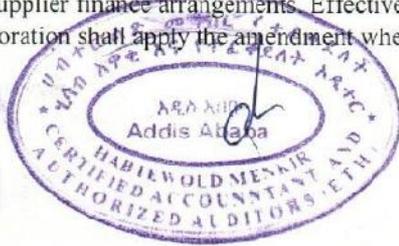
The amendment clarifies how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. Effective for annual reporting periods beginning on or after 1 January 2024. The Corporation shall apply the amendment when due. The amendments are expected to have an impact on the Corporation's financial statements.

Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)

The amendment clarifies how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale. Effective for annual reporting periods beginning on or after 1 January 2024. The corporation shall apply the amendment when due. The amendments are expected to have an impact on the company's financial statements.

Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)

The amendments add disclosure requirements, and 'signposts' within existing disclosure requirements, that ask entities to provide qualitative and quantitative information about supplier finance arrangements. Effective for annual reporting periods beginning on or after 1 January 2024. The Corporation shall apply the amendment when due.



2.6 Revenue from contracts with customers

Revenue from sales of goods and provision of services is recognized in the accounting period in which the obligations of delivery of goods or provision of services are met. For fixed-price contracts, revenue is recognized based on the actual service provided (good delivered) to the end of the reporting period as a proportion of the total services to be provided (percentage of completion method). Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

The consideration received from customers is recorded as deferred revenue until the goods are delivered or service has been provided unless service is provided instantly in which case revenue is recognized immediately upon cash collection. Deferred revenues are recorded as revenues when service is provided or goods are delivered. Other revenues that include revenues from interest and investment income are recorded as they are earned.

The specific accounting policies for the Corporation's main types of revenue are explained as follows;

Sale of goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods.

Rendering of services

Revenues from land clearing service, repair and maintenance service, plowing, disking and riding, harvesting, planting and seeding are recognized by reference to the stage of completion. Stage of completion is measured by reference to extent of total costs incurred to date as a percentage of total estimated costs to complete each contract. When the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are eligible to be recovered.

Rental Income

Rental income arising from operating leases on machinery and equipment is accounted for on a straight-line basis over the lease terms and is included in revenue due to its operating nature.

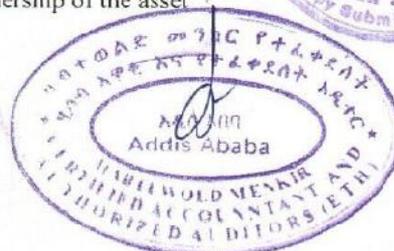
2.7 Inventories

Inventories are stated at the lower of cost and net realizable value. Costs comprise direct materials and where applicable direct labor costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Costs of issues are calculated using the weighted moving average method. Net realizable value represents the estimated selling price less all estimated costs of disposal.

Redundant and slow-moving inventories are identified on a regular basis and written down to their realizable values. Consumables are written down with regard to their age, condition and utility.

The payments towards purchase of assets/ inventories are recorded and reported as prepayment unless the below conditions are met:

- The Corporation has a present right to payment for the asset
- The Corporation has legal title to the asset
- The Corporation has physical possession of the asset
- The Corporation has the significant risks and rewards of ownership of the asset
- The Corporation has received the asset



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2.8 Property, plant and equipment

Properties held for use in the supply of services, or for administrative purposes and properties in the course of construction are carried at cost, less accumulated depreciation, less any recognized impairment loss. Cost includes professional fees and for qualifying assets borrowing costs capitalized in accordance with the Corporation's accounting policy. When major components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment and are depreciated over their respective useful lives.

Maintenance and repair costs are recognized as follows: Maintenance expenses incurred during the useful life of property, plant and Equipment (regular maintenance activities to maintain the asset in a good condition) are recorded as operating expenses. The cost of periodic major overhaul programs are capitalized as a separate component and depreciated over its expected useful life. That is, Major overhaul expenditure, including replacement spares and labor costs, is capitalized and amortized over the average expected life between major overhauls.

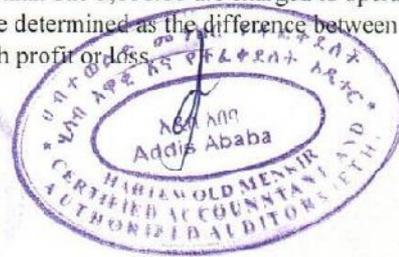
Depreciation on property is charged so as to write off the cost of the assets, other than properties under construction, over their estimated useful lives, using the straight line method. Depreciation on assets under construction commences when the assets are ready for their intended use. Salvage value is estimated to be 0.5% of the original cost or Br 100.00 whichever is higher. The percentage for calculation of Depreciation is as follows and it is applied on total depreciable costs of the asset.

| Property, plant and Equipment | Depreciation rate in % | Residual value in % |
|---|-----------------------------------|--------------------------------|
| Land improvements, Building and Infrastructure | 2 | 5% |
| Grain mill, Seed processing and cleaning | 5 | 1% |
| Machineries, Generators, Construction Equipment and Surveying equipment | 10 | 1% |
| Motor Vehicles | 10 | 5% |
| Office Furniture ,Fixtures and equipment | 20 | 1% |
| Computer and Accessories | 20 | 1% |
| Communication equipment | 1 st year 34 after 33 | 1% |
| Human Laboratory material and medical equipment | 20 | 1% |
| Seed and Soil Laboratory material and equipment | 10 | 1% |
| House Hold Equipment and Furniture | 20 | 1% |
| Agricultural Equipment and Implements | 10 | 1% |
| Agricultural tools | 20 | 1% |
| Workshop and teaching aid machineries | 5 | 1% |
| Workshop Equipment and tools | 10 | 1% |
| Fuel and water tankers, Weight Scale sewing machine and Conveyors belt | 10 | 1% |



The estimated useful life, depreciation method and residual value are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. No depreciation is provided for projects in progress. When the Corporation receives credits from manufacturers in connection with the acquisition of certain Equipment's, the credits are offset against the cost of related fixed asset. The spares acquired on the introduction or expansion of service, as well as routable spares purchased separately are carried as property, plant and equipment if they meet recognition criteria and generally depreciate in line with the fixed asset to which they relate.

Property, plant and equipment items whose individual unit costs are less than birr 5,000.00 are charged to operating expenses. Gains or losses arising on disposal or retirement of an asset are determined as the difference between the sales proceeds and the carrying amount of the asset and are recognized through profit or loss.



2.9 Intangible assets

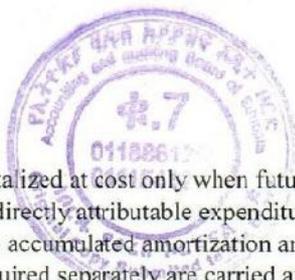
Intangible assets acquired separately are reported at cost less accumulated amortization and accumulated impairment losses. Amortization is charged on a straight-line basis over their estimated useful lives. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates, with the effect of any changes in estimate being accounted for on a prospective basis.

For internally-generated intangible assets, the expenditure on research activities is recognized as an expense in the year in which it is incurred and the development expense from the development phase of an internal project is recognized if, and only if, all of the following have been demonstrated:

- a) The technical feasibility of completing the intangible asset so that it will be available for use;
- b) The intention to complete the intangible asset and use or sell it;
- c) The ability to use or sell the intangible asset;
- d) How the intangible asset will generate probable future economic benefits;
- e) The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- f) The ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognized for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognized, development expenditure is charged to net income in the year in which it is incurred. The Corporation's intangible assets which have a finite useful life are amortized over their useful life using straight-line method as follows while intangibles with indefinite life are not amortized but tested annually for any impairment.

| Intangible Asset | Amortization rate in % |
|-------------------|------------------------|
| Computer Software | 10 |



Externally acquired intangible assets are capitalized at cost only when future economic benefits are probable. Costs include the purchase price together with any directly attributable expenditure. Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the income statement when the asset is derecognized.

2.10 Employee benefits

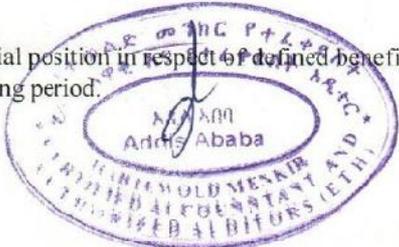
The Corporation has various post-employment schemes, including defined benefit and defined contribution pension plans and post employment benefits.

Defined contribution plan

The defined contribution plan (Pension scheme) is in line with the provisions of Ethiopian pension law. Funding under the scheme is 7% and 11% by employees and the Corporation respectively. The scheme is based on the employees' salary. Employer's contributions to this scheme are charged to profit or loss and other comprehensive income in the period in which they occur.

Defined benefit plan

The liability recognised in the statement of financial position in respect of defined benefit plans is the present value of the defined benefit obligation at the end of the reporting period.



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The defined benefit obligation is calculated annually using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related obligation.

The current service cost of the defined benefit plan, recognised in the income statement in the employee benefit expense, except where it is required to be included in the cost of an asset. It 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 recognised immediately in income.

Actuarial gains and losses 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.

Termination benefits

Termination benefits are payable to Employees when employment is terminated by the Company before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Corporation recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy.

Bonus plans

The Corporation recognises a liability and an expense for bonuses based on management decision. The Corporation recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

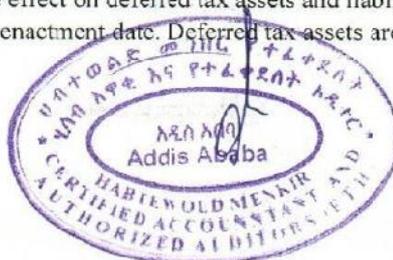
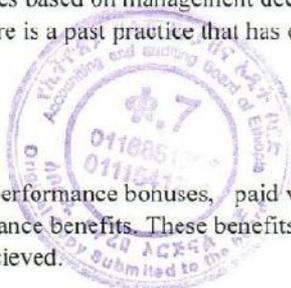
Short-term employee benefits

Short-term employee benefits which include the annual salary, performance bonuses, paid vacations not included in the annual salary, short-term sick leave, health, dental and life insurance benefits. These benefits are measured on an undiscounted basis and are expensed as the related service is received.

2.11 Current and deferred income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized directly in equity is recognized in equity and not in the income statement. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

The Corporation utilizes the asset and liability method of accounting for taxes under which deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the financial statement carrying amount and the tax basis of assets and liabilities. Deferred tax assets and liabilities are measured using enacted or substantively enacted tax rates that are expected to apply for the year in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in earnings in the year that includes the enactment date. Deferred tax assets are recognized to the extent that realization is considered probable.



2.12 Impairment of non-financial assets

The Corporation reviews at each statement of financial position date whether there is any indication of impairment (obsolescence, physical deterioration, significant changes in the method of utilization, performances falling short of forecasts, decline in revenues, other external indicators) or reversal of impairment loss. Non-financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the non-financial asset, the asset's carrying amount exceeds its recoverable amount. The recoverable amount of an asset is the greater of its value in use and its fair value less costs of disposal. The value in use is determined by the estimated present value of future cash flows generated by the asset.

When there is a reversal of impairment loss, the carrying amount of the asset is increased to the lower of the recoverable amount and the carrying amount (net of depreciation or amortization) that the asset would have had if previous impairment loss had not been recognized. The reversal of impairment loss is recognized in net income. Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

2.13 Financial Instruments

Initial recognition

Financial instruments are recognised when, and only when, the Corporation becomes party to the contractual provisions of the instrument. All financial assets are recognised initially using the trade date which is the date the Corporation commits itself to the purchase or sale.

Classification

The Corporation classifies its financial instruments into the following categories :

Financial assets that are held within a business model whose objective is to hold assets in order to collect contractual cash flows, and for which the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are classified and measured at amortised cost;

Financial assets that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and for which the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are classified and measured at fair value through other comprehensive income.

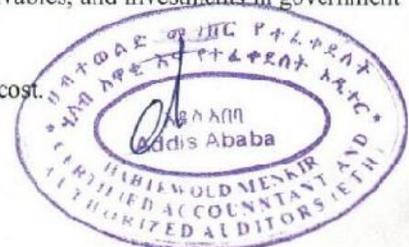
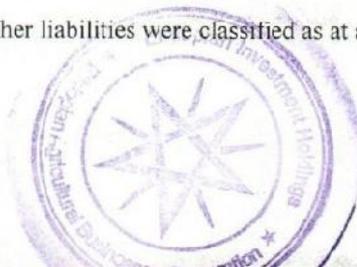
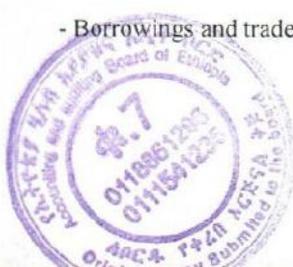
All other financial assets are classified and measured at fair value through profit or loss, notwithstanding above the Corporation may :

- a) On initial recognition of an equity investment that is not held for trading, irrevocably elect to classify and measure it at fair value through other comprehensive income
- b) On initial recognition of a debt instrument, irrevocably designate it as classified and measured at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency.

All other financial liabilities are classified and measured at amortised cost. Financial instruments held during the year were classified as follows:

- Demand and term deposits with banking institutions, trade and other receivables, and investments in government securities were classified as at amortised cost;

- Borrowings and trade and other liabilities were classified as at amortised cost.



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Measurement

On initial recognition:

- i) Financial assets or financial liabilities classified as at fair value through profit or loss are measured at fair value.
- ii) Trade receivables are measured at their transaction price.
- iii) All other categories of financial assets and financial liabilities are measured at the fair value plus or minus transaction costs that are directly attributable to the acquisition or issue of the instrument

Subsequent measurement

Interest income, dividend income, and exchange gains and losses on monetary items are recognised in profit or loss.

Amortised cost is the amount at which the financial asset or liability is measured on initial recognition minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance..

Impairment

The Corporation recognises a loss allowance for expected credit losses on debt instruments that are measured at amortised cost or at fair value through other comprehensive income. The loss allowance is measured at an amount equal to the lifetime expected credit losses for trade receivables and for financial instruments for which: (a) the credit risk has increased significantly since initial recognition; or (b) there is observable evidence of impairment (a credit-impaired financial asset). If, at the reporting date, the credit risk on a financial asset other than a trade receivable has not increased significantly since initial recognition, the loss allowance is measured for that financial instrument at an amount equal to 12-month expected credit losses. All changes in the loss allowance are recognised in profit or loss as impairment gains or losses.

Lifetime expected credit losses represent the expected credit losses that result from all possible default events over the expected life of a financial instrument. 12-month expected credit losses represent the portion of lifetime expected credit losses that result from default events on a financial asset that are possible within 12 months after the reporting date.

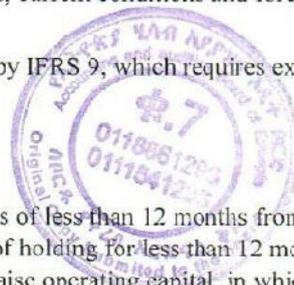
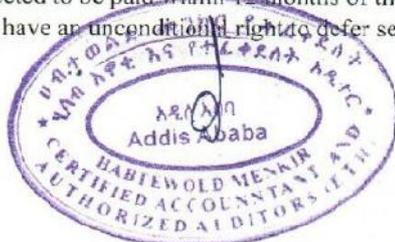
Expected credit losses are measured in a way that reflects an unbiased and probability-weighted amount determined by evaluating a range of possible outcomes, the time value of money, and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

For receivables, the Corporation applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Presentation

All financial assets are classified as non-current except those with maturities of less than 12 months from the statement of financial position date, those which management has the express intention of holding for less than 12 months from the statement of financial position date or those that are required to be sold to raise operating capital, in which case they are classified as current assets.

All financial liabilities are classified as non-current except those expected to be settled in the Corporation's normal operating cycle, those payable or expected to be paid within 12 months of the statement of financial position date and those which the Corporation does not have an unconditional right to defer settlement for at least 12 months after the statement of financial position date.



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Derecognition / write off

Financial assets are derecognized when the rights to receive cash flows from the financial asset have expired, when the Corporation has transferred substantially all risks and rewards of ownership, or when the Corporation has no reasonable expectations of recovering the asset.

Financial liabilities are derecognized only when the obligation specified in the contract is discharged cancelled or expires. When a financial asset measured at fair value through other comprehensive income, other than an equity instrument, is derecognized, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. For equity investments for which an irrevocable election has been made to present changes in fair value in other comprehensive income, such changes are not subsequently transferred to profit or loss.

Offsetting

Financial assets and liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand and deposits with any qualifying financial institution repayable on demand or maturing within three months of the date of acquisition and which are subject to an insignificant risk of change in value.

2.14 Provisions

Provisions, including provisions for legal litigations, restructuring and environmental issues, are recognized when the Corporation has a present obligation (legal or constructive) as a result of a past event, it is probable that the Corporation will be required to settle the obligation, and a reliable estimate can be made.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the statement of financial position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

A restructuring provision is recognized when the Corporation has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures, mainly severance costs, arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the Corporation.

The environmental provision includes estimated costs to meet government laws and regulations when such costs can be reasonably estimated. Estimates of the anticipated future costs for remediation work are based on the Corporation's prior experience.



Provisions for warranty-related costs are recognized when the product is sold or service provided to the customer. Initial recognition is based on historical experience. The initial estimate of warranty-related costs is revised annually.

2.15 Leases

Lease sets out the principles for the recognition, measurement, presentation and disclosure of leases. The objective is to ensure that lessees and lessor provide relevant information in a manner that faithfully represents those transactions. The standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments.

The company recognized:

_ all leases as right -of-use-asset at cost. Cost of right-of-use asset includes the amount of lease liability, lease payments made at or before the commencement date (less any lease incentives received), any initial direct costs incurred and an estimate of costs to be incurred by the company in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

_ a lease liability at the present value of the lease payments that are not paid at that date. Present value of lease payments will be determined by discounting future lease payments at the interest rate implicit in the lease arrangement, if it is readily determined or at company's incremental borrowing rate.

The company measures:

_ right-of-use assets using cost model, i.e. cost at initial recognition less accumulated depreciation (in line with IAS 16: Property, plant and Equipment) and accumulated impairment losses (in line with IAS 36: Impairment of Assets).

_ lease liability by increasing its carrying amount to reflect interest on the lease liability and by reducing its carrying amount to reflect lease payments made.

Interest incurred on lease liability will be recognized in the statement of profit and loss as a finance cost.

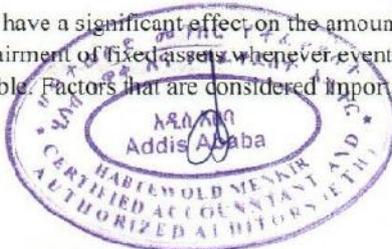
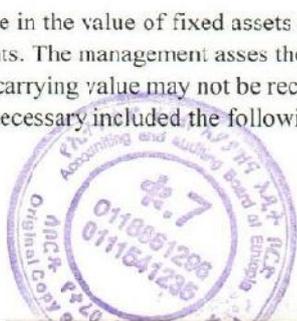
Determination of whether an arrangement is a lease, or contains a lease

The determination of whether an arrangement is a lease, or contains a lease, is based on the substance of the arrangement and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets or whether the arrangement conveys a right to use the asset.

3 Critical accounting estimates and judgments

The preparation of financial statements in conformity with International Financial Reporting Standards requires the use of certain accounting estimates. It also requires management to exercise judgment in the process of applying the Corporation's accounting policies. Accordingly, in the process of applying the Corporation's accounting policies, the management has made estimates and assumptions that affect the reported amounts of assets and liabilities within current and future financial periods. These estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The critical areas of accounting estimates and judgments in relation to the preparation of these financial statements are as set out below:

- 3.1 A decline in the value of fixed assets could have a significant effect on the amounts recognized in the financial statements. The management assesses the impairment of fixed assets whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Factors that are considered important which could make an impairment review necessary included the following:



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- Significant decline in the market value beyond the level which would be expected from the passage of time and
- Significant changes in technology and regulatory environments.
- Evidence from internal reporting which indicates that the performance of the asset is, or will be, worse than expected.

3.2 Useful lives and residual values of Property, Plant and Equipment: Critical estimates are made by management in determining the useful lives, usage pattern and residual values of property, plant and equipment based on the intended use and 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 values differing from initial estimates.

3.3 Management uses judgment and estimates in determining the appropriate amounts in recording deferred income taxes, giving consideration to timing and probability of realization. Actual taxes could significantly vary from these estimates as a result of a variety of factors including future events, changes in income tax law or the outcome of reviews by tax authorities and related appeals. The Corporation has recognized any deferred tax assets on its deductible temporary differences and unused tax losses as it has determined that it is probable that taxable profit will be available against which the deductible temporary differences and unused tax losses can be utilized. The resolution of these uncertainties and the associated final taxes may result in adjustments to the Corporation's deferred and current tax situations.

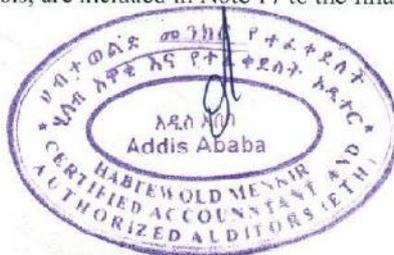
3.4 Post-employment and other employee benefits except for the defined contribution component of the pension plans require certain level of estimation with respect of employee turnover rates. Due to the long-term nature of these benefits, such estimates are subject to significant uncertainty. Actual results may differ from results that are estimated based on assumptions.

3.5 The Corporation uses judgment in assessing, at each reporting date, whether there is any indication that financial assets may have lost value requiring the undertaking of an impairment test. These tests are designed, in part, to determine a recoverable amount, which is the fair value. Difference in estimates could materially affect the financial statements in determining both the impairment existence and the amount of impairment.

3.6 Determining whether a liability should be recognized as a provision requires management to exercise judgment. The Corporation must determine if a present obligation arises from past events, if it is probable that the Corporation will be required to settle the obligation and if a reliable estimate can be made of the amount of the obligation. The decision is based on management's experience and judgment. If the Corporation considers that one of the three conditions is not satisfied, it must still determine if a contingent liability should be disclosed in the notes, unless the possibility of any outflow in settlements is remote.

3.7 Post-employment benefits

Management uses estimates when determining the Corporation's liabilities and expenses arising from defined benefit pension schemes. Management is required to estimate the future rates of inflation, salary increases, discount rates and longevity of members, each of which may have a material impact on the defined benefit obligations that are recorded. Further details, including a sensitivity analysis, are included in Note 17 to the financial statements.



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4 Financial risk management

4.1 Introduction

The Corporation's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Corporation's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on its financial performance. The Corporation does not hedge any of its risk exposures.

Financial risk management is carried out by the finance department under policies approved by the Management Board. The board provides written principles for overall risk management, as well as written policies covering specific areas such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity.

The table below summarises categories of financial instruments held by the Corporation:

| | 7 July 2023 | 7 July 2022 |
|---|------------------------------|-----------------------------|
| | <u>Birr</u> | <u>Birr</u> |
| <i>Financial assets</i> | | |
| Trade receivables | 5,263,397,950 | 1,744,434,390 |
| Subsidy receivable from Ministry of Finance | 1,634,386,951 | 1,722,304,143 |
| Staff receivables | 24,895,062 | 32,139,998 |
| Retention receivable | 9,622,519 | 9,622,519 |
| Deposits with financial institutions | 3,426,712,760 | 1,791,011,502 |
| | <u>10,359,015,241</u> | <u>5,299,512,552</u> |
| <i>Financial liabilities</i> | | |
| Trade payables | 1,831,775,443 | 2,042,615,463 |
| Lease obligations | 11,696,713 | 48,350,417 |
| | <u>1,843,472,157</u> | <u>2,090,965,880</u> |



4.2 Market risk

(i) Foreign exchange risk

The Corporation is exposed to foreign exchange risk arising from various currency exposures, primarily, with respect to the US dollar and Euro. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.

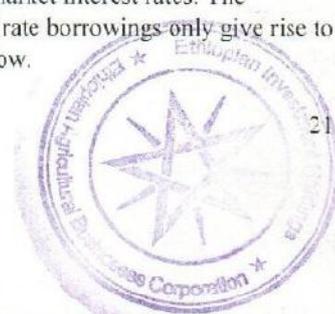
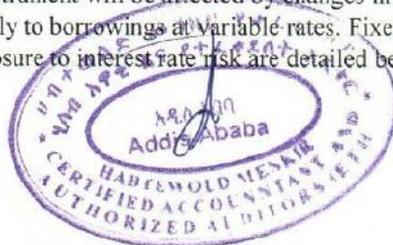
The Corporation does not actively manage foreign exchange risk arising from future commercial transactions and recognised assets and liabilities, the Corporation usually gets authorisation from Commercial Bank of Ethiopia (CBE) regarding foreign denominated transactions. Foreign exchange risk arises when future commercial transactions or recognized assets or liabilities are denominated in a currency that is not the entity's functional currency. The Corporation's exposure to currency fluctuation is minimal as prices and service charges of the Corporation take into account such effects and it is effectively transferred to customers.

(ii) Price risk

The Corporation does not hold investments or securities that would be subject to price risk. The Corporation is not exposed to commodity price risk

(iii) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will be affected by changes in market interest rates. The Corporation's exposure to interest rate risk relates primarily to borrowings at variable rates. Fixed rate borrowings only give rise to interest rate risk if measured at fair value. Maximum exposure to interest rate risk are detailed below.



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| | 7 July 2023 | 7 July 2022 |
|------------|-------------|-------------|
| | <u>Birr</u> | <u>Birr</u> |
| Borrowings | 11,696,713 | 48,350,417 |

Sensitivity analysis

Sensitivity to changes in interest rates is normally only relevant to financial assets or financial liabilities bearing floating interest rates. However, sensitivity will also be relevant to fixed rate financial assets and financial liabilities which are remeasured to fair value. There Corporation has no financial assets or liability measured at floating rate or at fair value at the reporting date.

4.3 Credit risk

Credit risk is the risk that a counterparty will default on its contractual obligations resulting in financial loss .
The Corporation is exposed to credit risk in respect of:-

- payment of trade receivables as invoices fall due 30 days after being raised
- contractual cash flows of debt investments and other receivables carried at amortised cost .

While cash and cash equivalents and debt investments at amortised cost are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

The amount that best represents the Corporation's maximum exposure to credit risk is made up as follows:

| | Fully performing | Impaired - Over 365 days |
|---|------------------------------|-----------------------------|
| | <u>Birr</u> | <u>Birr</u> |
| 7 July 2023 | | |
| Trade receivables | 5,263,397,950 | 157,040,292 |
| Subsidy receivable from Ministry of Finance | 1,634,386,951 | - |
| Staff receivables | 24,895,062 | - |
| Retention receivable | 9,622,519 | - |
| Deposits with financial institutions | 3,426,712,760 | - |
| | <u>10,359,015,241</u> | <u>157,040,292</u> |
| 7 July 2022 | | |
| Trade receivables | 1,744,434,390 | 108,216,940 |
| Subsidy receivable from Ministry of Finance | 1,722,304,143 | - |
| Staff receivables | 32,139,998 | - |
| Retention receivable | 9,622,519 | - |
| Deposits with financial institutions | 1,791,011,502 | - |
| | <u>5,299,512,552</u> | <u>108,216,940</u> |

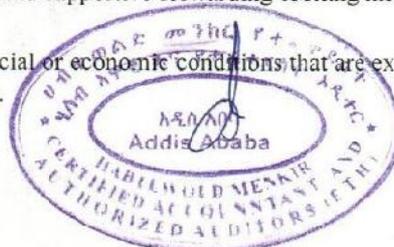


No collateral is held for any of the above assets. Fully performing assets represents counter parties that are paying their dues as they fall due and are operating within their approved credit limits. The debt that is overdue has exceeded the approved credit limit however counter parties continue to pay and are trading normally. The debt that is impaired is fully provided for.

Credit risk is managed by the finance department, which is responsible for managing and analysing credit risk for each new client before standard payment and delivery terms are offered. For all financial assets the following credit risk modelling applies:

The Corporation considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Corporation compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following indicators are incorporated:

- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations.



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Significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers in the group and changes in the operating results of the borrower

The Corporation does not grade the credit quality of receivables. The utilisation of credit limits is in place and regularly monitored.

Macroeconomic information (such as market interest rates or growth rates) is incorporated as part of the internal rating model. Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment. A default on a financial asset is when the counterparty fails to make contractual payments within 60 days of when they fall due.

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Corporation. The Corporation categorises receivables for write off when a debtor fails to make contractual payments greater than 360 days past due. Where receivables have been written off, the company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in statement of profit or loss.

(i) Trade receivables and unbilled receivables

The Corporation applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and unbilled receivables. To measure the expected credit losses, trade receivables and unbilled receivables have been grouped based on shared credit risk characteristics and the days past due. The unbilled receivables relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Corporation has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The expected loss rates are based on the payment profiles of sales over a period of 36 months before 7 July 2022 and 7 July 2023 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Corporation has identified the GDP and the unemployment rate to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

On that basis, the loss allowance was determined for receivables as shown under **note 11,a**.

Trade receivables and contract assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the group, and a failure to make contractual payments for a period of greater than 360 days past due. Impairment losses on trade receivables and unbilled receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

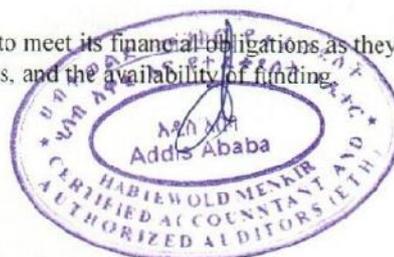
During the period, the company made no write-offs of trade receivables, it does not expect to receive future cash flows from and no recoveries from collection of cash flows previously written off.

(ii) Deposits with financial institutions

This comprise bank balances with local financial institutions and Commercial Bank of Ethiopia. Management considers the investments to be low credit risk since they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term.

4.4 Liquidity risk

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management includes maintaining sufficient cash balances, and the availability of funding



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Management performs cash flow forecasting and monitors rolling forecasts of the Corporation's liquidity requirements to ensure it has sufficient cash to meet its operational needs so that the Corporation does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. The Corporation's approach when managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, without incurring unacceptable losses or risking damage to the Corporation's reputation.

The table below analyses the Corporation's financial liabilities that will be settled into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date.

The amounts disclosed in the table below are the contractual undiscounted cash flows.

4.5 Operational risk

The Corporation's operations are based on a rigorous Operational safety culture, which is maintained through continuous and long-term implementation of the Safety & Quality Management Systems. When operational decisions are made, safety issues always take the highest priority in relation to other factors that influence decision-making. Operational safety is an integral mechanism of all activities as well as a required way of operating not only for the Corporation's own personnel, but also for subcontractors.

The main principle of safety work is non-punitive reporting of deviations in the way intended by the Corporation's guidelines. The purpose of reporting is to find reasons, not to assign blame. The Corporation, however, does not tolerate willful acts contrary to guidelines, methods or prescribed working practices. Decision-making not directly related to operations must also support the company's objective of achieving and maintaining a high level of operational safety.

4.6 Capital management

The Corporation's objectives when managing capital are to safeguard the Corporation's ability to continue as a going concern in order to optimise returns and to maintain an optimal capital structure to reduce the cost of capital. The gearing ratios at 7 July 2023 and 7 July 2022 were as follows:

| | 7 July 2023 <u>Birr</u> | 7 July 2022 <u>Birr</u> |
|--------------------------|----------------------------|----------------------------|
| Debt (i) | 11,696,713 | 48,350,417 |
| Equity (ii) | <u>2,615,959,761</u> | <u>1,638,835,797</u> |
| Net debt to equity ratio | <u>0.45%</u> | <u>3%</u> |



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5 OPERATING SEGMENTS

Segment information is presented in respect of the Corporation's business segments which represents the primary segment reporting format and is based on the Corporation's management and reporting structure.

Basis for segmentation

The Corporation's performance is reviewed by management committee (MC) on a monthly basis. The committee comprises of the Corporation's chief executive officer, Deputy Executive Officers, sector directors and head of divisions. The committee examines performance based on the Corporation's service offering and has identified six reportable segments of its business :

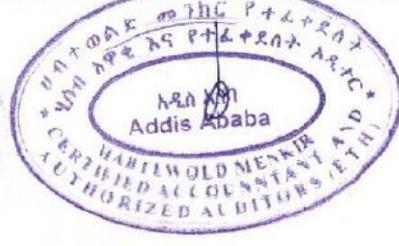
- i) **Equipment Supply:** - This sector buys from domestic and international markets and supply agricultural machineries, spare parts and construction equipments.
- ii) **Agricultural Input Supply:** - This sector buys from domestic and international markets and supply agricultural inputs, undertake agricultural inputs market price stabilization activities;
- iii) **Agricultural Seeds :** This sector undertakes agricultural land development studies and preparation of designs, agricultural land surveying, clearing, leveling, drainage and irrigation activities as well as other activities related to agricultural land development; and Multiply, clean and process pre-basic, basic and certified seeds of various crops, vegetables and fruits; where necessary import pre-basic seeds and cause their production or sale them; to sell byproducts. Besides, this sector is responsible for harvesting, buying, adding value to and process natural gum, produce other forest products, and supply to domestic and international markets;
- iv) **Heavy Equipment Maintenance and Transport Service :** - This sector provides agricultural and construction equipment repair services, Heavy duty Transport Services and also provides necessary education for the promotion of the use of modern agricultural machineries; provide consultancy service in handling and use of agricultural machineries and provide on the job technical trainings. Besides, this sector renders agricultural mechanization services, and provide rental services of agricultural machineries;

The segment information for the reporting segments for the year ended 7 July 2023 is as follows:



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5.1 Statement of Financial Position as at 7 July 2023

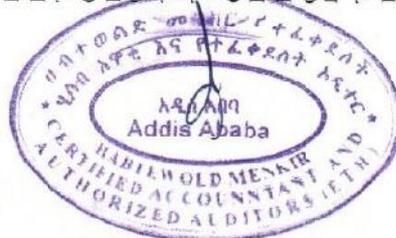
| Description | Note | Sectors | | | | | Total | |
|--|------|---|---------------------------|---|---|----------------------|-----------------------|-------|
| | | Agricultural Equipment Supply & Mechanization Service | Agricultural Input Supply | Ethiopian Seeds & Forest products Supply Sector | Heavy Equipment Maintenance and Transport Service | Head Office | | Total |
| | | Birr | Birr | Birr | Birr | Birr | Birr | Birr |
| ASSETS | | | | | | | | |
| Non current assets | | | | | | | | |
| Property, plant and equipment | 6 | 215,566,858 | 311,158,818 | 533,137,668 | 50,229,241 | 292,022,430 | 1,402,115,015 | |
| Intangible assets | 7 | - | - | - | - | 2,400,017 | 2,400,017 | |
| Right of use asset | 8 | - | - | 21,356,103 | - | - | 21,356,103 | |
| Total Non Current Asset | | 215,566,858 | 311,158,817.66 | 554,493,772 | 50,229,241 | 294,422,446.3 | 1,425,871,135 | |
| Current Assets | | | | | | | | |
| Inventories | 9 | 838,851,000 | 2,260,046,996 | 1,196,024,079 | 48,868,223 | 11,751,152 | 4,355,541,449 | |
| biological asset | 10 | - | - | 24,589,555 | - | - | 24,589,555 | |
| Trade and other receivables | 11 | 149,463,058 | 6,476,223,841 | 2,48,007,928 | 30,166,714 | 134,718,654 | 7,038,580,196 | |
| Contract asset | 12 | - | 253,585,382 | - | - | - | 253,585,382 | |
| Inter branch & head office account | 13 | (1,223,560,135) | 1,274,062,480 | (1,897,491,745) | 24,085,451 | 1,822,903,950 | (0) | |
| Cash and cash equivalents | 14 | 88,293,325 | 2,072,055,314 | 95,607,208 | 4,900,994 | 1,165,855,917 | 3,426,712,760 | |
| Total Current Asset | | (146,952,752) | 12,335,974,013 | (333,262,975) | 108,021,382 | 3,135,229,673 | 15,099,009,341 | |
| Total assets | | 68,614,107 | 12,647,132,831 | 221,230,796 | 158,250,623 | 3,429,652,119 | 16,524,880,478 | |
| Capital and liabilities | | | | | | | | |
| paid up capital | 21 | - | - | - | - | 2,537,814,376 | 2,537,814,376 | |
| Other comprehensive income | 22 | - | - | - | - | 2,054,219 | 2,054,219 | |
| Legal reserve | | - | - | - | - | 78,145,385 | 78,145,385 | |
| Total Equity | | - | - | - | - | 2,618,013,980 | 2,618,013,980 | |
| LIABILITIES | | | | | | | | |
| Non Current Liability | | | | | | | | |
| Employees benefits obligation | 19 | - | - | - | - | 62,097,982.65 | 62,097,982.65 | |
| Lease obligation | 20 | 9,894,392 | - | 1,802,321 | - | - | 11,696,713.18 | |
| Deferred tax liability | 25.d | 9,894,392 | - | 1,802,321 | - | 167,693,885.70 | 167,693,885.70 | |
| Total Non Current Liability | | 9,894,392 | - | 1,802,321 | - | 229,791,868 | 241,488,582 | |
| Current Liability | | | | | | | | |
| Trade and other payables | 15 | 41,418,718 | 2,876,666,265 | 164,917,348 | 149,367,649 | 20,377,749 | 3,252,747,729 | |
| Contract liabilities | 16 | - | 9,754,620,757 | 3,580,735 | - | 18,265,105 | 9,758,201,491 | |
| Short term employees benefit obligation | 18 | 17,300,996 | 15,845,810 | 50,930,392 | 8,882,974 | 71,162,799 | 111,225,278 | |
| Provision for outstanding legal cases | 17 | - | - | - | - | 1,146,752 | 1,146,752 | |
| Employee benefit obligations - Current portion | | - | - | - | - | 470,893,865 | 470,893,865 | |
| Current income tax liabilities | 25.e | - | - | - | - | 581,846,270 | 581,846,270 | |
| Total Current Liability | | 58,719,714 | 12,647,132,832 | 219,428,476 | 158,250,623 | 811,638,139 | 13,906,866,496 | |
| Total Liability | | 68,614,106 | 12,647,132,832 | 221,230,796 | 158,250,623 | 3,429,652,120 | 16,524,880,478 | |
| Total Equity & Liabilities | | 68,614,107 | 12,647,132,832 | 221,230,796 | 158,250,623 | 3,429,652,120 | 16,524,880,478 | |



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FOR THE YEAR ENDED 07 JULY 2023 (/ 30 SENE 2015 E.C)

5.2 Statement of Financial Position as at 7 July 2022

| Description | Sectors | | | | | | Total | |
|--|---|------------------------------|---|---|-----------------------|-----------------------|-------|--|
| | Agricultural Equipment Supply & Mechanization Service | Agricultural Input Supply | Ethiopian Seeds & Forest products Supply Sector | Heavy Equipment Maintenance and Transport Service | Head Office | | Total | |
| | | | | | Birr | Birr | | |
| ASSETS | | | | | | | | |
| Non current assets | | | | | | | | |
| Property, plant and equipment | 214,005,079 | 322,132,803 | 367,754,816 | 57,135,844 | 152,532,307 | 1,113,560,848 | | |
| Intangible assets | - | - | - | - | 2,880,000 | 2,880,000 | | |
| Right of use asset: | - | - | 21,410,289.11 | - | - | 21,410,289 | | |
| Total Non Current Asset | 214,005,079 | 322,132,803 | 389,165,105 | 57,135,844 | 155,412,306.71 | 1,137,851,137 | | |
| Current Assets | | | | | | | | |
| Inventories | 118,337,807 | 5,512,755,193 | 511,409,265 | 31,143,608 | 9,069,386 | 6,182,715,259 | | |
| Biological assets | - | - | 6,287,524 | - | - | 6,287,524 | | |
| Trade and other receivables | 57,666,229 | 3,391,836,739 | 134,171,054 | 20,175,295 | 80,404,433 | 3,684,247,749 | | |
| Contract Assets | - | 3,163,775,542.12 | - | - | - | 3,163,775,542 | | |
| Inter branch & head office account | (583,762,725) | 522,204,153 | (883,594,650) | (100,325,269) | 1,047,478,487 | 0 | | |
| Cash and cash equivalents | 279,901,689 | 421,740,906 | 73,170,804 | 2,681,584 | 1,013,516,519 | 1,791,011,502 | | |
| Total Current Asset | (129,857,000) | 13,012,306,534 | (158,556,003) | (46,324,783) | 2,150,468,824 | 14,828,037,576 | | |
| Total assets | 84,148,078 | 13,334,439,337 | 230,609,102 | 10,811,061 | 2,305,881,131 | 15,965,888,714 | | |
| Capital and liabilities | | | | | | | | |
| Paid up capital | - | - | - | - | 2,440,000,000 | 2,440,000,000 | | |
| Retained earnings | - | - | - | - | (826,071,294) | (826,071,294) | | |
| Other comprehensive income | - | - | - | - | 149,040 | 149,040 | | |
| Legal reserve | - | - | - | - | 24,907,090 | 24,907,090 | | |
| Total Equity | - | - | - | - | 1,638,984,837 | 1,638,984,837 | | |
| LIABILITIES | | | | | | | | |
| Non Current Liability | | | | | | | | |
| Employees Benefits obligation | - | - | - | - | 56,544,162 | 56,544,162 | | |
| Lease obligation | 46,710,303 | - | 1,640,115 | - | - | 48,350,417.54 | | |
| Deferenc tax liability | - | - | - | - | 182,635,084.20 | 182,635,084.20 | | |
| Total Non Current Liability | 46,710,303 | - | 1,640,115 | - | 239,179,246 | 287,529,664 | | |
| Current Liability | | | | | | | | |
| Trade and other payables | 24,841,490 | 2,012,635,285 | 194,335,916 | 3,166,519 | 13,095,992 | 2,248,079,202 | | |
| Contract liabilities | - | 11,309,415,295 | - | - | - | 11,309,415,295 | | |
| Short term employees benefit obligation | 12,596,286 | 12,384,757 | 34,633,072 | 7,644,542 | 11,767,276 | 79,025,932 | | |
| Provision for outstanding legal cases | - | - | - | - | 50,580,542 | 50,580,542 | | |
| Employee benefit obligations - Current portion | - | - | - | - | 1,971,436 | 1,971,436 | | |
| Current income tax liabilities | - | - | - | - | 350,301,801 | 350,301,801 | | |
| Total Current Liability | 37,437,776 | 13,334,439,337 | 228,968,988 | 10,811,061 | 427,717,047 | 14,039,374,208 | | |
| Total Liability | 84,148,078 | 13,334,439,337 | 230,609,103 | 10,811,061 | 666,896,294 | 14,326,903,872 | | |
| Total Equity & Liabilities | 84,148,078 | 13,334,439,337 | 230,609,102 | 10,811,061 | 2,305,881,131 | 15,965,888,714 | | |



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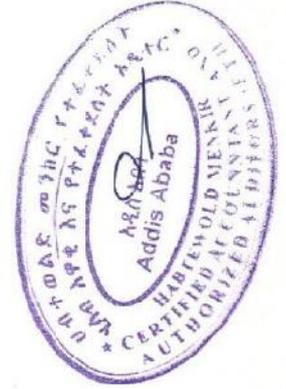
ETHIOPIAN AGRICULTURAL BUSINESS CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 07 JULY 2023 / (30 SENE 2015 E.C)

5.3 Statement of Profit or Loss as at 7 July 2023

| Description | Note | Sectors | | | | Total |
|-----------------------------------|------|---|---------------------------|---|---|----------------------|
| | | Agricultural Equipment Supply & Mechanization Service | Agricultural Input Supply | Ethiopian Forest products Supply Sector | Heavy Equipment Maintenance and Transport Service | |
| Operating Revenues | 26 | 356,992,846 | 9,638,590,454 | 1,143,161,803 | 69,394,984 | 11,208,140,088 |
| Cost of sales | 28 | (160,448,117) | (7,783,063,398) | (863,141,977) | (50,207,708) | (8,856,861,200) |
| Gross Operating Profit | | 196,544,729 | 1,855,527,056 | 280,019,826 | 19,187,277 | 2,351,278,888 |
| Other Income | 26 | 2,988,118 | 30,979,948 | 19,406,501 | 9,545,275 | 62,919,842 |
| | | 199,532,847 | 1,886,507,004 | 299,426,327 | 28,732,551 | 2,414,198,730 |
| Expenses | | | | | | |
| Impairment losses on receivables | 11 a | 1,748,786 | (59,363,301) | 16,964,358 | 663,602 | (39,986,554) |
| Impairment losses on cash | | - | (974,452) | - | - | (974,452) |
| Selling and Distribution Expense: | 29 | (18,337,742) | (97,260,705) | (7,721,435) | (23,888,956.66) | (147,208,838) |
| General Administration Expenses | 30 | (43,974,860) | (169,360,845) | (73,950,383) | (64,463,364.81) | (351,949,453) |
| Total Expense | | (60,563,815) | (327,159,301) | (64,707,460) | (87,688,719) | (540,119,296) |
| Operating profit | | 138,969,032 | 1,559,347,702 | 234,718,867 | (58,956,168) | 1,874,079,433 |
| Finance Cost-net | 31 | (8,736,378) | (286,045,998) | (9,678,782) | (2,378,255.08) | (306,839,413) |
| | | 130,232,654 | 1,273,301,704 | 225,040,085 | (61,334,423) | 1,567,240,020 |

Though, most of salaries/employees benefits and miscellaneous expenses which were incurred at Tigray region during years 2021 and 2022 were appropriately recorded in the period incurred, there are some invoices/documents that are subsequently recorded in the current financial year ending on July 7, 2023. In the same way, most of revenue/income items for these periods were also recorded in the period earned but there are invoices that are recorded in the current year. These transactions are recorded on the books of Ethiopian Seeds & Forest products supply sector under their respective expense and revenue line items. As the offices are in conflict zones at Northern Ethiopia, the document were not recorded on the books of the corporation at appropriate periods. Details of financial impacts of such transactions are summarized as follows;

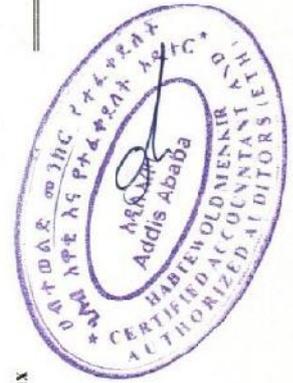
| Periods | 2022 & 2021 |
|---|--------------------|
| Salary and benefit expenses | (4,792,938) |
| Miscellaneous expenses | (1,031,993) |
| Total expenses | (5,824,931) |
| Various revenue/income | 1,632,781 |
| Net effect on current year profits | (4,192,150) |



ETHIOPIAN AGRICULTURAL BUSINESS CORPORATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 07 JULY 2023 / (30 SENE 2015 E.C)

5.4 Statement of Profit or Loss as at 7 July 2022

| Description | Note | Sectors | | | | Total |
|---|------|---|------------------------------|---|---|-------------------------|
| | | Agricultural Equipment Supply & Mechanization Service | Agricultural Input Supply | Ethiopian Seeds & Forest products Supply Sector | Heavy Equipment Maintenance and Transport Service | |
| Operating Revenues | 26 | 397,600,363 | 3,524,000,076 | 864,099,146 | 45,431,975 | 4,831,131,560 |
| Cost of sales | 28 | (317,099,157) | (2,760,484,021) | (524,303,791) | (40,684,795) | (3,642,571,764) |
| Gross Operating Profit | | 80,501,206 | 763,516,056 | 339,795,354 | 4,747,180 | 1,188,559,795.47 |
| Other Income | 26 | (1,021,558) | 22,695,159 | 6,464,046 | 23,130,498 | 51,268,145 |
| | | 79,479,648 | 786,211,215 | 346,259,401 | 27,877,678 | 1,239,827,941 |
| Expenses | | | | | | |
| Impairment losses | 11 a | - | - | (32,758,608.07) | - | (32,758,608) |
| Selling and Distribution Expense: | 29 | (6,541,917) | (59,311,124) | (4,376,838) | (22,539,633.72) | (92,769,512) |
| General Administration Expenses | 30 | (30,749,509) | (475,743,209) | (63,886,644) | (24,444,216.37) | (594,823,579) |
| Total Selling & Administration Expense | | (37,291,426) | (535,054,333) | (101,022,091) | (46,983,850) | (720,351,700) |
| Operating profit | | 42,188,222 | 251,156,882 | 245,237,310 | (19,106,172) | 519,476,241 |
| Finance Cost-net | 31 | (20,022,174) | (121,119) | (943,327) | (6,110.51) | (21,092,730) |
| Profit Before Tax | | 22,166,048 | 251,035,763 | 244,293,983 | (19,112,283) | 498,383,511 |



ETHIOPIAN AGRICULTURAL BUSINESS CORPORATION
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6 Property, plant and equipment

| Cost: | Building | Plant and machineries | Motor Vehicles | Workshop Equipment | Office Furniture and accessories | Computer & accessories | Construction in progress |
|--------------------------|-------------|--------------------------|-------------------|-----------------------|--|---------------------------|-----------------------------|
| As at 8 July 2021 | 947,640,734 | 487,455,846 | 341,318,783 | 24,828,772 | 34,114,262 | 19,678,710 | 1,874,333,963 |
| Additions | 2,285,208 | 23,185,095 | 71,564,991 | 1,701,151 | 950,388 | 4,739,685 | 172,526,145 |
| Adjustments | (1,050,899) | 56,024 | (5,674,108) | (70,964) | 132,000 | 162,180 | (8,628,960) |
| Disposals | - | (3,685,007) | (4,749,642) | - | - | (119,359) | (8,554,008) |
| As at 7 July 2022 | 948,875,043 | 507,011,958 | 402,460,024 | 26,458,958 | 35,196,650 | 24,461,216 | 2,029,677,139 |
| As at 8 July 2022 | 948,875,043 | 507,011,958 | 402,460,024 | 26,458,958 | 35,196,650 | 24,461,216 | 2,029,677,139 |
| Additions | 861,840 | 27,006,543 | 22,119,459 | 6,640,959 | 1,445,528 | 3,270,698 | 378,383,696 |
| Adjustments | - | (56,024) | - | (33,252) | 98,720 | (63,051) | 427,745 |
| Disposals | - | (5,329,914) | (4,483,924) | - | - | (145,699) | (9,959,538) |
| As at 7 July 2023 | 949,736,883 | 528,632,563 | 420,095,559 | 33,066,666 | 36,740,899 | 27,523,164 | 2,398,529,042 |
| Accumulated depreciation | | | | | | | |
| As at 8 July 2021 | 236,853,448 | 274,445,866 | 279,411,647 | 17,705,099 | 28,205,616 | 10,824,408 | 847,446,084 |
| Charge for the year | 26,890,016 | 29,250,348 | 23,417,414 | 1,577,250 | 518,105.06 | 1,573,721 | 83,226,854 |
| Adjustments | (1,569,478) | (25,481) | (5,132,134) | 59,143 | (14,822) | 68,923 | (6,613,848) |
| Disposals | - | (3,520,927) | (4,397,775) | - | - | (21,097) | (7,942,799) |
| As at 7 July 2022 | 262,173,986 | 300,149,806 | 293,299,152 | 19,341,492 | 28,708,899 | 12,442,956 | 916,116,291 |
| As at 8 July 2022 | 262,173,986 | 300,149,806 | 293,299,152 | 19,341,492 | 28,708,899 | 12,442,956 | 916,116,291 |
| Charge for the year | 26,430,973 | 33,504,005 | 23,805,817 | 1,687,324 | 704,346 | 2,164,636 | 88,297,100 |
| Adjustment | - | 200 | 429,800 | - | 841,506 | 84,746 | 1,356,252.11 |
| Disposals | - | (5,065,823) | (4,245,700) | - | - | (44,093) | (9,355,616) |
| As at 7 July 2023 | 288,604,959 | 328,588,187 | 313,289,069 | 21,028,817 | 30,254,752 | 14,648,244 | 996,414,027 |
| Net book value | | | | | | | |
| As at 30 June 2022 | 686,701,057 | 206,862,153 | 109,160,872 | 7,117,466 | 6,487,751 | 12,018,261 | 1,113,560,848 |
| As at 30 June 2023 | 661,131,924 | 200,044,376 | 106,806,490 | 12,037,849 | 6,486,147 | 12,874,919 | 1,402,115,015 |



ETHIOPIAN AGRICULTURAL BUSINESS CORPORATION
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7 Intangible Assets

| | Balance 7-Jul-22 | Additions | Adjustment | Balance 7-Jul-23 |
|----------------------------|---------------------|---------------------|-------------|---------------------|
| | <u>Birr</u> | <u>Birr</u> | <u>Birr</u> | <u>Birr</u> |
| <u>COST</u> | | | | |
| Software | 4,800,000.00 | - | - | 4,800,000.00 |
| | <u>4,800,000.00</u> | <u>-</u> | <u>-</u> | <u>4,800,000.00</u> |
| <u>DEPRECIATION</u> | | | | |
| Software | 1,920,000 | 479,983 | - | 2,399,983 |
| | <u>1,920,000</u> | <u>479,983</u> | <u>-</u> | <u>2,399,983</u> |
| Net book value | <u>2,880,000.00</u> | <u>(479,983.00)</u> | <u>-</u> | <u>2,400,017.00</u> |

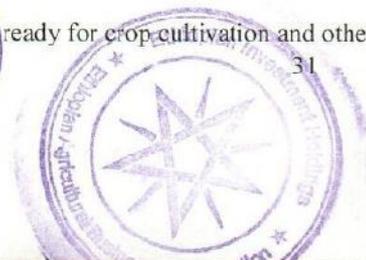
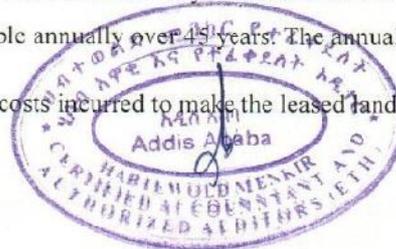
Right of use asset

| | Balance at 8-Jul-22 | Additions | Adjustment | Balance 7-Jul-23 |
|----------------------------|------------------------|--------------------|-----------------|----------------------|
| | <u>Birr</u> | <u>Birr</u> | | <u>Birr</u> |
| <u>COST</u> | | | | |
| Lease land | 3,474,013 | - | - | 3,474,013 |
| Lease land improvements | 17,954,267 | - | (212) | 17,954,054 |
| | <u>21,428,280.36</u> | <u>-</u> | <u>(212.49)</u> | <u>21,428,067.87</u> |
| <u>DEPRECIATION</u> | | | | |
| Lease land | 17,991 | 53,973 | - | 71,964 |
| | <u>17,991</u> | <u>53,973</u> | <u>-</u> | <u>71,964</u> |
| Net book value | <u>21,410,289.11</u> | <u>(53,973.00)</u> | <u>(212.49)</u> | <u>21,356,103.62</u> |

The Corporation received farm land from South Western Regional State, Kaffa Zone, Bonga under lease agreement dated Megabit 26,2014(April 4,2022). The lease agreement is for 25,617 square meter land for 70 years at cost of birr 458 per square meter and total lease amount of birr 11,732,586.00. The Corporation paid down payment of birr 1,766,277.00 and remaining amount is payable over 36 years after grace period of 4 years. The annual lease payment is birr 276,841.92.

The Corporation received additional farm land from same region under lease agreement dated Yekatit 19,2013 E.C. The lease agreement is for 1,070 Hectare land for 45 years at cost of birr 63 per Hectare and total lease amount of birr 3,033,450.00. The lease is payable annually over 45 years. The annual lease payment is birr 67,410.00

Lease land improvements represent costs incurred to make the leased land ready for crop cultivation and other agricultural activities.



ETHIOPIAN AGRICULTURAL BUSINESS CORPORATION
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 FOR THE YEAR ENDED 07 JULY 2023 / (30 SENE 2015 E.C)

8 Inventories

| | <u>2023</u> | <u>2022</u> |
|-------------------|----------------------|----------------------|
| Raw material | 450,593,877 | 126,845,588 |
| Work in progress | 1,294,966 | 1,551,018 |
| Finished product | 572,728,881 | 310,815,140 |
| Merchandise Goods | 2,676,992,149 | 6,146,438,097 |
| Supplies | 144,986,269 | 33,421,115 |
| Spare Parts | 169,398,801 | 145,196,732 |
| | <u>4,015,994,944</u> | <u>6,764,267,689</u> |
| Goods In Transit | 614,298,793 | 28,177,609 |
| | <u>4,630,293,736</u> | <u>6,792,445,298</u> |
| Stock Provision | (274,752,288) | (609,730,039) |
| | <u>4,355,541,449</u> | <u>6,182,715,259</u> |

The goods in transit balance represents inventories fully or partially paid for which are under insurance coverage of the corporation and being transported to Corporation though it is not yet arrived at premises as of reporting date.

8,a Movement in allowance for inventory Obsolescence

| | <u>2023</u> | <u>2022</u> |
|--|--------------------|--------------------|
| Opening balance | 609,730,039 | 214,674,420 |
| Inventories written-off during the year | (334,977,751) | - |
| Increase/ decrease in allowance for inventory Obsolescence during the year | - | 395,055,619 |
| | <u>274,752,288</u> | <u>609,730,039</u> |

9 Biological assets

| | <u>2023</u> | <u>2022</u> |
|------------------|-------------------|------------------|
| Field Crops | 24,589,555 | 6,287,524 |
| Work in progress | - | - |
| | <u>24,589,555</u> | <u>6,287,524</u> |



ETHIOPIAN AGRICULTURAL BUSINESS CORPORATION
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10 TRADE AND OTHER RECEIVABLES

| | <u>2023</u> | <u>2022</u> |
|---|--------------------------------|--------------------------------|
| Financial assets | | |
| Trade debtors | 5,263,397,950 | 1,744,434,390 |
| Subsidy receivable from Ministry of Finance | 1,634,386,951 | 1,722,304,143 |
| Retention Receivables | 9,622,519 | 9,622,519 |
| Staff debtors | 24,895,062 | 32,139,998 |
| | 6,932,302,481 | 3,508,501,050 |
| Non-Financial assets | | |
| Sundry debtors | 51,280,979 | 236,939,164 |
| VAT receivable | 129,194,537 | 79,104,419 |
| Withholding tax receivable | - | 286,504 |
| Prepayments and deposits | 106,336,705 | 278,185 |
| Other receivables | 811,603 | 21,185 |
| | 287,147,028 | 316,629,457 |
| Allowance for doubtful accounts | 7,219,449,510 (180,869,314) | 3,825,130,507 (140,882,760) |
| | 7,038,580,196 | 3,684,247,747 |



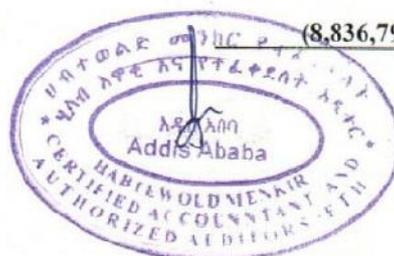
10 a Allowance for doubtful accounts

The Corporation applies the IFRS 9 simplified approach to measuring expected credit losses which uses a life time expected loss allowance for receivables. To measure the expected credit losses, receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the collection profiles of credit sales/outstanding receivables over a period of a year and the corresponding historical credit losses experienced within this period.

On that basis, the loss allowance was determined as follows for receivables

| | July 07,2023 | | |
|--|---------------------|--------------------|--------------------|
| | Within 365 days | above 365 days | Total |
| Expected loss (cure) rates(%) | 1.91% | 100.0% | |
| Gross carrying amounts-receivables | 1,248,275,899 | 157,040,292 | 1,405,316,191 |
| Loss allowance provision | 23,829,022 | 157,040,292 | 180,869,314 |
| Provision already maintained | 32,665,820 | 108,216,940 | 140,882,760 |
| Receivables written-off | - | - | - |
| Increase/decrease in loss allowance | (8,836,798) | 48,823,352 | 39,986,554 |



ETHIOPIAN AGRICULTURAL BUSINESS CORPORATION
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| | July 07,2022 | | |
|--|-------------------|--------------------|--------------------|
| | Within 365 days | above 365 days | Total |
| Expected loss (cure) rates(%) | 2.6% | 100% | |
| Gross carrying amounts of receivables | 1,257,696,606 | 108,216,940 | 1,365,913,546 |
| Loss allowance provision | 32,665,820 | 108,216,940 | 140,882,760 |
| Provision already maintained | - | 108,124,152 | 108,124,152 |
| Receivables written-off | - | - | - |
| Increase/decrease in loss allowance | 32,665,820 | 92,788 | 32,758,608 |

Accounts receivables are written-off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Corporation, and a failure to make contractual payments for a period of greater than 365 days past due. Impairment losses on receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written-off are credited against the same line item.

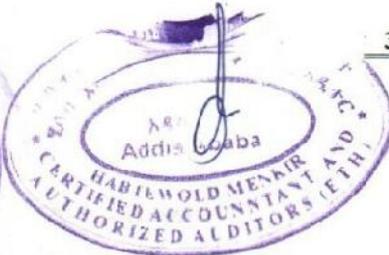
The gross carrying amount of receivables is Birr 6,779,468,075 (2022: Birr 3,508,501,050). During the period, the Corporation has no receivables written-off, it does not expect to receive future cash flows from and no recoveries from collection of cash flows previously written-off. From gross carrying amount of receivables birr 5,527,019,593 (2022: 2,142,587,504) were on course of collection or already collected, hence the balances are not included in expected credit loss calculation.

11 CONTRACT ASSETS

| | 2023 | 2022 |
|------------------------------------|--------------------|----------------------|
| Opening balance | 3,163,775,542 | 936,591,760 |
| Changes during the year | (2,843,557,088) | 2,290,198,900 |
| Revenue recognized during the year | (66,633,072) | (63,015,118.00) |
| | 253,585,382 | 3,163,775,542 |

12 CASH AND CASH EQUIVALENTS

| | 2023 | 2022 |
|--|----------------------|----------------------|
| Cash at bank | 3,427,687,211 | 1,788,075,370 |
| Cash in hand | - | 2,936,132 |
| | 3,427,687,211 | 1,791,011,502 |
| Impairment loss on cash and cash equivalents | (974,452) | - |
| | 3,426,712,760 | 1,791,011,502 |



ETHIOPIAN AGRICULTURAL BUSINESS CORPORATION
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13 HEAD OFFICE/BRANCH ACCOUNT

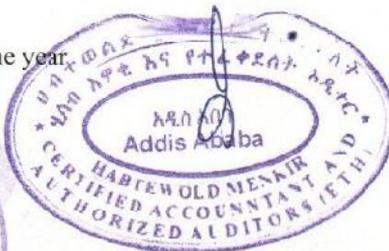
| | <u>2023</u> | <u>2022</u> |
|-----------------------------------|---------------|---------------|
| Inter branch :- Corporation Cash | 116,019,545 | 66,904,369 |
| Inter branch :- Corporation Other | 1,009,510,412 | 700,783,507 |
| Inter branch :-Input | (240,824,172) | (124,043,413) |
| Inter branch :-Seed & Natural Gum | (829,188,210) | (514,395,257) |
| Inter branch :-Mechanization | - | (45,699) |
| Inter branch :-Sales | (186,921,626) | (125,363,242) |
| Inter branch :-Heavy Machinery | 60,402,641 | 65,870,732 |
| Inter branch :-Other | (995,589,158) | 699,023,924 |
| Branch Equity Account | 1,065,590,568 | (768,734,921) |
| | 0 | - |

14 TRADE AND OTHER PAYABLES

| | <u>2023</u> | <u>2022</u> |
|----------------------------------|----------------------|----------------------|
| Financial liabilities | | |
| Trade creditors | 1,831,775,443 | 2,042,615,463 |
| Accrual | 29,748,538 | 14,746,649 |
| Tax payables | 20,547,676 | 17,744,502 |
| Pension payable | 2,909,962 | 1,183,851 |
| | 1,884,981,620 | 2,076,290,465 |
| Non-Financial liabilities | | |
| Sundry creditors | 316,764,725 | 170,193,391 |
| Unclaimed salary | 329,259 | 441,034 |
| Payable to Board of trustees | - | 73,610 |
| Other liabilities | 1,050,672,126 | 1,080,701 |
| | 1,367,766,110 | 171,788,736 |
| | 3,252,747,729 | 2,248,079,201 |

15 Contract liabilities

| | <u>2023</u> | <u>2022</u> |
|--|----------------------|-----------------------|
| Opening balance | 11,309,415,295 | 5,161,080,530 |
| Additions during the year | 8,020,743,579 | 10,545,135,676 |
| Amount recognized to revenue during the year | (9,571,957,383) | (4,396,800,911) |
| | 9,758,201,491 | 11,309,415,295 |



ETHIOPIAN AGRICULTURAL BUSINESS CORPORATION
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16 PROVISION FOR OUTSTANDING LEGAL CASES

| | <u>2023</u> | <u>2022</u> |
|-----------------------------------|-------------------|-------------------|
| Opening provision | 50,580,542 | 82,962,121 |
| Settled during the year | - | (32,381,579) |
| Additional provision for the year | 20,582,257 | - |
| | <u>71,162,799</u> | <u>50,580,542</u> |

17 SHORT TERM EMPLOYEE BENEFITS

| | <u>2023</u> | <u>2022</u> |
|----------------------|-----------------------|----------------------|
| Bonus accrual | 55,461,870.63 | 35,421,106.00 |
| Annual leave accrual | 55,763,406.89 | 43,604,827.00 |
| | <u>111,225,277.52</u> | <u>79,025,932.00</u> |



18 LONG TERM EMPLOYEE BENEFITS

The Corporation provides defined contributions components. This amount is managed by other independent body so there is no further payment to this fund. The Corporation's employees are also eligible for severance and compensation pays.

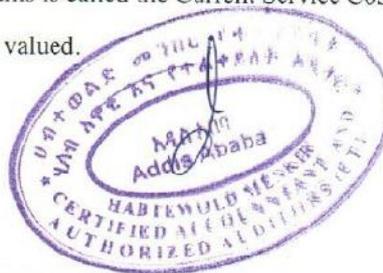
The termination benefits related to retirement are determined by management of the Corporation case by case while the termination benefits before normal retirement date are based on years of service and salary of the employee's immediately before termination/resignation per provisions of Ethiopian labour law. The contributions required to settle these benefit packages are entirely paid/provided for by the Corporation when the related services are received.

The defined benefit obligation in respect of in-service employees has been calculated using a valuation method known as the Projected Unit Credit method using the data as at July 7, 2022. This methodology considers the past service of an employee and the service expected over the next year. This is the required method in terms of IAS19.

The past service liability (the liability which has accrued in respect of service to the valuation date for the current employees) for the in-service employees is calculated by projecting all expected future cash flows based on service to the valuation date and discounting these at the assumed discount rate allowing for possible reasons of exit from the Corporation, such as retirement, resignation and death.

Under the Projected Unit Credit method, the present value of benefits that will accrue to employees in respect of the next year of service after the valuation date is calculated and this is called the Current Service Cost.

There are no assets backing the liability in respect of the benefits valued.



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Valuation Assumptions

The key financial assumptions are the discount rate and the rate of salary increases. In the valuation of a defined benefit liability, it is the relationship between these financial assumptions that is critically important, not the absolute value of any particular assumption.

Discount rate considered is rate on government bond as there is no high quality corporate bond. The rate used for discounting is 14% which is based on interest rate on incremental cost of borrowing.

Salary increase of 16% is considered on average salary increment over the last three years.

After taking into account the Corporation's experiences and national trends, we estimated the following turnover rates per each age category. The turnover assumed here considers various reasons for leaving the Corporation including deaths.

| Age Category | Probability of leaving the Corporation before retirement age |
|--------------|--|
| <25 | 0.49% |
| 25 up to 29 | 1.62% |
| 30 up to 34 | 2.11% |
| 35 up to 39 | 2.32% |
| 40 up to 44 | 2.04% |
| 45 up to 49 | 1.55% |
| 50 up to 55 | 4.58% |
| >55 | 23.31% |

Movement in employee benefit liability

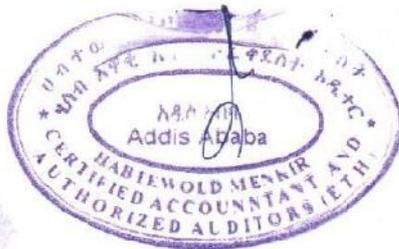
| | <u>2023</u> | <u>2022</u> |
|----------------------------------|-------------------|-------------------|
| Compensation pay accrual opening | 58,515,598 | 51,117,137 |
| Interest costs | 8,192,161 | 7,128,175 |
| Current service costs | 405,411 | 308,681 |
| Benefits paid during the year | (1,146,752) | (1,971,436) |
| Remeasurement (gain)/loss | (2,721,684) | 1,933,042 |
| | <u>63,244,735</u> | <u>58,515,598</u> |



Below are the details of movements and amounts recognised in the financial statements:

18,a Liability in the statement of financial position defined benefits liabilities:

| | <u>2023</u> | <u>2022</u> |
|---------------|----------------------|----------------------|
| Severance pay | 63,244,734.66 | 58,515,598.38 |
| | <u>63,244,734.66</u> | <u>58,515,598.38</u> |



ETHIOPIAN AGRICULTURAL BUSINESS CORPORATION
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18,b Income statement charge included in personnel expenses:

| | <u>2023</u> | <u>2022</u> |
|---------------------------------------|------------------|------------------|
| Interest costs | 8,192,161 | 7,128,175 |
| Severance costs | 405,411 | 308,681 |
| Total defined benefit expenses | 8,597,572 | 7,436,856 |

Below are the details of movements and amounts recognised in the financial statements:

18,c Amount recognised in other comprehensive income:
 Remeasurement for:

| | <u>2023</u> | <u>2022</u> |
|--|------------------|--------------------|
| Remeasurement (gains)/losses | 2,721,684 | (1,933,042) |
| Deferred tax (liability)/asset on Remeasurement gain or loss | (816,505) | 579,913 |
| | 1,905,179 | (1,353,129) |

The income statement charge included within personnel expenses includes current service cost, interest cost, past service costs on the defined benefit schemes.

18,d Maturity analysis

| | <u>2023</u> | <u>2022</u> |
|-------------|-------------------|-------------------|
| Current | 1,146,752 | 1,971,436 |
| Non-Current | 62,097,983 | 56,544,162 |
| | 63,244,735 | 58,515,598 |



18,e Severance pay

The Corporation operates an unfunded severance pay plan for its employees who have served the Corporation for 5 years and above and are not yet reached the retirement age. The final pay-out is determined by reference to current benefit's level (monthly salary) and number of years in service and is calculated as 1 month salary for the first year in employment plus 1/3 of monthly salary for each subsequent in employment to a maximum of 12 months final monthly salary.



ETHIOPIAN AGRICULTURAL BUSINESS CORPORATION
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18,f The sensitivity of the overall defined benefit liability to changes in the weighted principal assumption is:

| Change in assumption | Impact on defined benefit obligation | |
|---------------------------------------|--------------------------------------|------------------|
| | 2023 | 2022 |
| 1% increase/decrease in salary level | +/- 999,997.85 | +/- 925,220.29 |
| 1% increase/decrease in discount rate | -/+ 1,228,331.30 | -/+ 1,136,479.48 |

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the liability recognised within the statement of financial position.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

19 Lease obligation

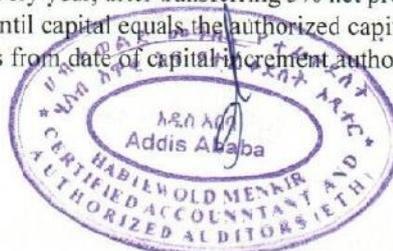
| | 2023 | 2022 |
|---------------------------|-------------------|-------------------|
| Ethio-lease payable | 9,894,392 | 46,710,303 |
| Leasehold land obligation | 1,802,321 | 1,640,115 |
| | <u>11,696,713</u> | <u>48,350,417</u> |

20 PAID UP CAPITAL

| | 2023 | 2022 |
|-----------------------|----------------------|----------------------|
| Paid up Capital | 2,440,000,000 | 2,440,000,000 |
| Current year addition | 97,814,376 | - |
| | <u>2,537,814,376</u> | <u>2,440,000,000</u> |



The Corporation is wholly owned by the Government of the Federal Republic of Ethiopia. The paid up capital was set at Birr 2,440 million. The Corporation is not limited by shares and hence has no par value. Authorized capital of the Corporation is Birr 7,564 million. Every year, after transferring 5% net profits to legal reserve the residual net profit is transferred to paid up capital until capital equals the authorized capital of Birr 7,564 million. The transfer to capital is made within five years from date of capital increment authorization.



ETHIOPIAN AGRICULTURAL BUSINESS CORPORATION
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21 Legal Reserve

| | <u>2023</u> | <u>2022</u> |
|-----------------------|-------------------|-------------------|
| Legal Reserve | 24,907,090 | 14,558,545 |
| Current year addition | 53,238,295 | 10,348,545 |
| | <u>78,145,385</u> | <u>24,907,090</u> |

The legal reserve is a statutory reserve. The legal reserve is accumulated by transferring 5% of annual net profits to the reserve until it reaches a maximum of 20% of capital.

22 Other reserves

Other reserve represents cumulative effect of Remeasurement differences(gain/loss) on defined employee benefits. The amounts are presented net of taxes.

23 RETAINED EARNING MOVEMENT

| | <u>2023</u> | <u>2022</u> |
|----------------------------------|---------------|----------------------|
| Opening balance | (826,071,294) | (718,139,900) |
| Current year addition | 1,064,765,897 | 206,970,903 |
| Transfer to legal reserve | (53,238,295) | (10,348,545) |
| Transfer to Paid up capital | (97,814,376) | - |
| Prior Period taxes paid(net) | (65,061,254) | (304,553,752) |
| Prior Period adjustment -Various | (22,580,679) | - |
| | <u>-</u> | <u>(826,071,294)</u> |

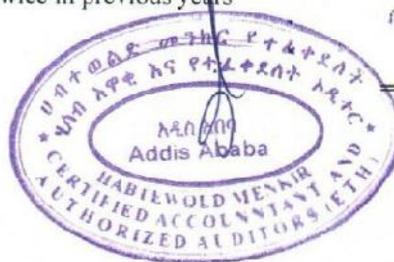


Prior Period taxes paid(net) represent additional profit tax, Value added tax, withholding taxes and other taxes paid to tax authority per their tax assessment for the prior years.

Prior years adjustments shown above represent corrections made to various accounts to correct prior period errors. Details of correction are shown below;

Description of prior period errors

| | |
|---|---------------------|
| Unidentified balances kept under sundry receivables which were written-off from books of accounts during the year | (26,112,213) |
| Interest expense on bank loan accounted twice in previous years | 3,531,534 |
| | <u>(22,580,679)</u> |



ETHIOPIAN AGRICULTURAL BUSINESS CORPORATION
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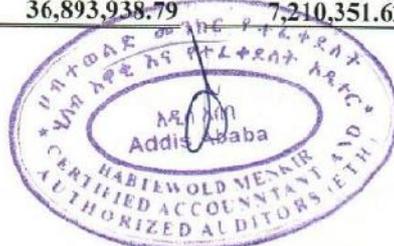
24 PROFIT TAX

| | <u>2023</u> | <u>2022</u> |
|--|----------------------|----------------------|
| 24,a Provision for tax | | |
| Profit before tax | 1,567,240,020 | 498,383,512 |
| Add: depreciation Per accounting policy | 88,831,057 | 83,724,845 |
| Provision for Severance and compensation expense | 7,450,820 | 5,080,809 |
| Provision for doubtful debt | 39,986,554 | 34,214,128 |
| Provision for stock obsolescence | | 384,177,631 |
| Penalty | 348,159 | 1,780,195 |
| Donation | 5,422,600 | 760,000 |
| Entertainments | 6,873,094 | 2,081,231 |
| Provision for legal cases(Contingency Expense) | 19,952,441 | 2,258,489 |
| Retirement Expense | - | 60,208 |
| Annual Leave | 15,674,355 | 16,859,556 |
| Gift | 157,254 | 24,109 |
| Other expenses | - | 10,225,663 |
| Provision for Other | - | 1,360,534 |
| Interest Expense | 47,821,380 | - |
| | 1,799,757,736 | 1,040,990,909 |
| Less: depreciation Per tax policy | (72,318,315) | (67,536,524) |
| Taxable profit | 1,727,439,421 | 973,454,386 |
| Provision for tax | 518,231,826 | 292,036,316 |



24,b Depreciation per tax proclamation

| | Buildings and Civil works | Computers | Other Business Assets | Total Depreciation |
|---|------------------------------|---------------------|--------------------------|-----------------------|
| Depreciation base brought forward for assets(existing as at July 07,2022) | 38,349,853.13 | 6,588,878.41 | 224,804,246.18 | |
| Current year addition 2023 | 861,839.88 | 3,668,521.22 | 56,801,359.97 | |
| Current year Disposed 2023 | | | (6,125,219.88) | |
| | 39,211,693.01 | 10,257,399.63 | 275,480,386.27 | |
| Less: Depreciation | (2,317,754.22) | (3,047,048.01) | (66,953,512.84) | (72,318,315) |
| Depreciation base carried for | 36,893,938.79 | 7,210,351.62 | 208,526,873.43 | |



ETHIOPIAN AGRICULTURAL BUSINESS CORPORATION
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24,c Tax Expense

| | <u>2023</u> | <u>2022</u> |
|---|---------------------------|---------------------------|
| Current year provision | 518,231,826 | 292,036,316 |
| Deferred tax(detailed below) | <u>(15,757,704)</u> | <u>(623,707)</u> |
| Total tax in statement of comprehensive income | <u>502,474,123</u> | <u>291,412,609</u> |

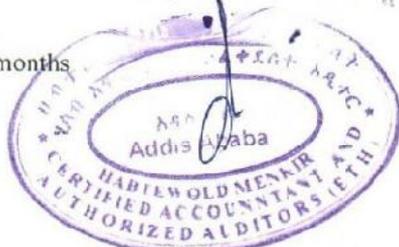
24,d Deferred Tax

| | <u>2023</u> | <u>2022</u> |
|---|--------------------------------|-----------------------------|
| Net Book Value of tangible and intangible assets as per accounting Policy | (1,001,781,723.40) | (1,031,227,559) |
| Tax base | <u>252,631,163.84</u> | <u>269,742,978</u> |
| Fixed assets Temporary difference | (749,150,559.57) | (761,484,581) |
| Long term employee benefit | 63,244,734.66 | 58,515,598 |
| Accrued annual leave | 55,763,406.89 | 43,604,827 |
| Provision for legal cases | <u>71,162,799.02</u> | <u>50,580,542</u> |
| | <u>(558,979,618.99)</u> | <u>(608,783,614)</u> |
| Deferred Tax @ 30% | (167,693,885.70) | (182,635,084) |
| Balance brought carried forward | <u>(182,635,084.12)</u> | <u>(183,838,752)</u> |
| | <u>14,941,198.42</u> | <u>1,203,668</u> |



The analysis of deferred tax assets/(liabilities) is as follows:

| | <u>2023</u> | <u>2022</u> |
|---|-----------------------------|-----------------------------|
| To be recovered after more than 12 months | (167,693,886) | (182,635,084) |
| To be recovered within 12 months | <u>-</u> | <u>-</u> |
| | <u>(167,693,886)</u> | <u>(182,635,084)</u> |



| | <u>7 July 2022</u> | <u>Credit/ (charge) to P/L</u> | <u>Credit/ (charge) to equity</u> | <u>7 July 2023</u> |
|------------------------------------|-----------------------------|--------------------------------|-----------------------------------|-----------------------------|
| Property, plant and equipment | (228,445,374) | 3,700,207 | - | (224,745,168) |
| Annual leave accrual | 13,081,448 | 3,647,574 | - | 16,729,022 |
| Provision for legal case | 15,174,163 | 6,174,677 | - | 21,348,840 |
| Post employment benefit obligation | <u>17,554,680</u> | <u>2,235,246</u> | <u>(816,505)</u> | <u>18,973,420</u> |
| | <u>(182,635,084)</u> | <u>15,757,704</u> | <u>(816,505)</u> | <u>(167,693,886)</u> |



ETHIOPIAN AGRICULTURAL BUSINESS CORPORATION
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 FOR THE YEAR ENDED 07 JULY 2023 /(30 SENE 2015 E.C)

24,c Profit tax payable

| | 7 July 2023 | 7 July 2022 |
|----------------------------|--------------------|--------------------|
| Profit tax brought forward | 350,301,801 | 251,666,199 |
| Profit tax paid | (350,348,898) | (431,069,316) |
| Current year provision | 518,231,826 | 292,036,316 |
| Withholding tax paid | (47,337,961) | (33,409,776) |
| Prior Year Adjustment | 47,097 | 271,078,378 |
| | <u>470,893,865</u> | <u>350,301,801</u> |
| Profit tax carried forward | | |

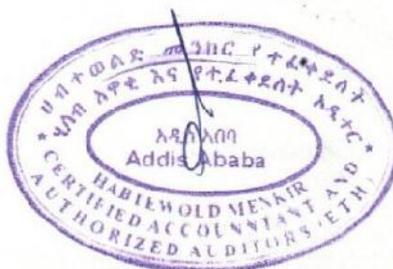
25 REVENUE FROM CONTRACTS WITH CUSTOMERS

| | 2023 | 2022 |
|-------------------|-----------------------|----------------------|
| Finished product | 1,143,161,803 | 844,870,563 |
| Merchandise goods | 9,857,921,390 | 3,833,294,140 |
| Service income | 141,570,413 | 90,000,489 |
| Commission income | 66,633,072 | 63,015,118 |
| | <u>11,209,286,678</u> | <u>4,831,180,310</u> |
| Sales Return | (1,146,590) | (48,750) |
| | <u>11,208,140,088</u> | <u>4,831,131,560</u> |

| | 7 July 2023 Birr | 7 July 2022 Birr |
|--|---------------------|---------------------|
| Heavy Equipment Maintenance and Transport Service | | |
| Machinery and equipment rental services | - | 55,670 |
| Repair and maintenance services | - | 3,244,199 |
| Transport income | 70,541,574 | 42,180,856 |
| | <u>70,541,574</u> | <u>45,480,725</u> |

| | | |
|-------------------------------|----------------------|--------------------|
| Seeds sector | | |
| Export sales | - | 44,459,113 |
| Local sales other | - | 18,490,724 |
| Sales of agricultural produce | 1,143,161,803 | 781,920,725 |
| | <u>1,143,161,803</u> | <u>844,870,563</u> |

| | | |
|--------------------------|----------------------|----------------------|
| Input Sector | | |
| Fertilizers | 9,571,957,383 | 2,380,516,663 |
| Chemicals | - | 1,076,764,126 |
| Equipment and hand tools | - | 7,687,501 |
| Commission income | 66,633,072 | 63,015,118 |
| Veterinary drugs | - | 59,031,786 |
| | <u>9,638,590,454</u> | <u>3,587,015,194</u> |



ETHIOPIAN AGRICULTURAL BUSINESS CORPORATION
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Equipment sales

| | | |
|---|-----------------------|----------------------|
| Merchandise and Equipment Sales | 285,964,007 | 309,294,064 |
| Machinery and equipment rental services | - | 4,490,572 |
| Repair and maintenance services | - | 441,141 |
| Transport income | - | 2,414,273 |
| Ploughing, disking and riding | 71,028,839 | 20,304,375 |
| Land clearing, Planting and Seeding | - | 1,193,037 |
| Harvesting | - | 15,676,367 |
| | 356,992,846 | 353,813,828 |
| | 11,209,286,678 | 4,831,180,310 |

The disaggregation of revenue based on timing is as below:--

| | | |
|-------------------------------------|-----------------------|----------------------|
| Sales of agricultural produce | 1,143,161,803 | 844,870,563 |
| Merchandise sales | 9,857,921,390 | 3,833,294,141 |
| | 11,001,083,193 | 4,678,164,703 |
| Maintenance service | - | 3,685,339 |
| Mechanization service | 71,028,839 | 37,173,778 |
| Agricultural equipment rental | - | 4,546,242 |
| Commission income | 66,633,072 | 63,015,118 |
| Transportation of transport service | 70,541,574 | 44,595,129 |
| | 208,203,485 | 153,015,607 |
| | 11,209,286,678 | 4,831,180,310 |

26 OTHER INCOME

| | 2023 | 2022 |
|--|-------------------|-------------------|
| Rental Income | 27,753,451 | 18,354,187 |
| Gain/loss on Disposal of Fixed Assets | 5,521,299 | 9,011,216 |
| Miscellaneous income | 7,156,396 | 23,272,540 |
| Realized gain on exchange rate differences | 22,488,696 | 11,185,231 |
| | 62,919,842 | 61,823,175 |



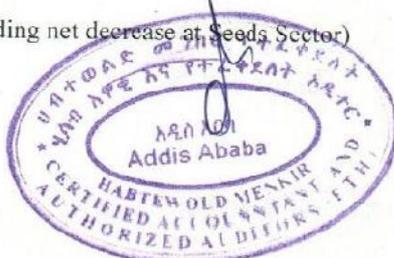
ETHIOPIAN AGRICULTURAL BUSINESS CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 07 JULY 2023 / (30 SENE 2015 E.C)

27 COST OF SALES

| | <u>2023</u> | <u>2022</u> |
|--|-----------------------------|-----------------------------|
| Opening Raw Material stock | 6,343,468,888 | 2,538,566,063 |
| Add: Purchases during the year | 7,622,675,018 | 7,229,925,431 |
| Less: Closing Raw Material stock | <u>(3,127,586,027)</u> | <u>(6,343,468,888)</u> |
| | 10,838,557,879 | 3,425,022,606 |
| Work in progress opening | 1,551,018 | 1,561,034 |
| Machinery rent | - | 13,741,373 |
| Salaries and benefits | 19,289,141 | 22,986,966 |
| Pension contribution | 1,188,726 | 1,683,860 |
| Traveling and per diem | 13,677,425 | 9,364,833 |
| Tires, tubes and other general supplies | - | 51,848,786 |
| Chemical and sprayers | - | 4,397,576 |
| Agricultural implements | - | 29,493,634 |
| Tractors | - | 87,986,494 |
| spare parts | - | 6,328,162 |
| Work shop material | 20,071 | - |
| Repair and maintenance | 21,533,948 | 13,857,659 |
| Fuel & Lubricant | 54,398,196 | 31,007,584 |
| Depreciation | 58,592,437 | 62,926,638 |
| Land tax | 2,705,407 | 2,211,409 |
| Miscellaneous | 1,519,258 | 3,208,839 |
| uniform | 265,422 | - |
| Penalty | - | 1,000 |
| Loading Unloading | 330,205 | - |
| Communication and post | 30,300 | - |
| Hotel Accommodation | 552,299 | - |
| | 11,014,211,731 | 3,767,628,454 |
| Work in progress ending | <u>(1,294,966)</u> | <u>(1,551,018)</u> |
| | 11,012,916,764 | 3,766,077,436 |
| Add: Finished Goods Opening | 310,815,140 | 220,015,271 |
| Less: Cost of Internally transferred items | (68,360,385) | - |
| Less: Issued internally | - | (32,104,951) |
| Less: Agricultural inputs transferred to Sectors | (116,679,450) | - |
| Less: Agricultural inputs transferred to regions | (1,042,204,563) | (676,138) |
| Less: Stock directly written-off | (10,890,967) | - |
| Less: Stock damage | (1,060,578) | - |
| Less: Transfer to Grain | (670,148,677) | (21,142,080) |
| Add: Transfer from grain | - | 21,142,080 |
| Effect of Change in inventory weight | 15,202,797 | 75,285 |
| | 9,429,590,081 | 3,953,386,904 |
| Less: Finished Goods Ending(including net decrease at Seeds Sector) | <u>(572,728,880)</u> | <u>(3,10,815,140)</u> |
| Total | <u>8,856,861,201</u> | <u>3,642,571,764</u> |



ETHIOPIAN AGRICULTURAL BUSINESS CORPORATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 07 JULY 2023 / (30 SENE 2015 E.C)

28 SELLING AND DISTRIBUTION EXPENSES

| | <u>2023</u> | <u>2022</u> |
|------------------------------------|-----------------------|----------------------|
| Salaries and related benefit | 57,713,194.82 | 50,508,427.36 |
| Pension contribution | 4,731,954.06 | 3,699,884.63 |
| Freight & Transport | 10,804,940.01 | 514,090.99 |
| Utilities | 922,249.97 | 410,463.39 |
| Printing and stationary | 880,068.49 | 494,734.18 |
| Fuel and lubricants | 1,924,099.08 | 1,257,247.68 |
| Car Running & maintenance | 580,365.13 | 453,548.24 |
| Perdiem & Travel | 566,597.34 | 452,940.09 |
| Repair | 1,028,339.68 | 584,220.97 |
| Loading & Unloading | 26,428,156.56 | 13,536,710.54 |
| Insurance | 2,115,805.85 | 123,870.31 |
| Telephone Postage Fax & Intern ate | 308,736.45 | 185,563.66 |
| Rent of Office & Store | 17,774,394.17 | 11,255,595.16 |
| Entertainment | 652,781.91 | 182,731.65 |
| Subscription fee | 118,094.47 | 12,167.00 |
| Cleaning and sanitation | 430,530.16 | 209,760.49 |
| Employee Bonus | 11,026,592.00 | 4,387,472.34 |
| Advertising | 138,186.53 | 331,017.14 |
| Uniform and outfit | 768,106.70 | 200,521.00 |
| Legal and professional fees | - | 43,194.61 |
| Land and building tax | 1,185,544.61 | - |
| Others | 4,039,491.89 | 186,505.65 |
| Annual Leave | 110,228.58 | 3,738,845.39 |
| Medical Expense | 2,960,379.39 | - |
| | <u>147,208,837.85</u> | <u>92,769,512.47</u> |



ETHIOPIAN AGRICULTURAL BUSINESS CORPORATION
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 FOR THE YEAR ENDED 07 JULY 2023 / (30 SENE 2015 E.C)

29 GENERAL AND ADMINISTRATION EXPENSES

| | <u>2023</u> | <u>2022</u> |
|---------------------------------------|--------------------|--------------------|
| Salaries and Related Benefits | 84,422,044 | 71,811,776.83 |
| Pension contribution | 8,618,807 | 5,269,433.78 |
| Compensation | 7,241,735 | 93,136.36 |
| Perdiem and Travel | 6,540,881 | 3,239,399.02 |
| Fuel and lubricant | 10,150,108 | 4,554,518.08 |
| Employee Bonus | 42,134,861 | 23,996,794.19 |
| Depreciation & Amortization | 30,238,621 | 20,798,206.96 |
| Stationary and printing | 3,208,928 | 2,150,964.71 |
| Advertisement and promotion | 1,946,168 | 3,862,106.62 |
| Communication | 1,022,431 | 927,444.72 |
| Utilities | 1,716,126 | 1,095,905.82 |
| Rent of Office & Store | 400,000 | 1,226,968.65 |
| Repair and Maintenance | 16,541,375 | 3,535,005 |
| Annual leave | 15,564,127 | 13,120,710.48 |
| Transportation | 36,820,444 | 1,920,088.55 |
| Medical expense | 4,001,363 | 3,175,319.48 |
| Entertainment | 6,220,313 | 1,898,499.09 |
| Donation | 33,459,141 | 14,760,000 |
| Uniform And Outfit | 1,867,348 | 1,706,407 |
| Land and building tax | - | 441,643 |
| Provision for stock obsolescence | - | 395,055.619 |
| Provision for outstanding legal cases | 19,952,441 | 2,258,488.69 |
| Penalty | 348,159 | 1,779,195.41 |
| Board Fee | 536,500 | 545,500.00 |
| Audit Fee | 126,279 | 379,500.00 |
| Gift | 157,254 | 24,108.97 |
| Insurance | 10,193,842 | 6,515,058.10 |
| License charge and registration | 254,242 | 2,523,593 |
| Miscellaneous expense | 8,265,915 | 4,797,654 |
| Provision for Others | - | 1,360,533.59 |
| | 351,949,453 | 594,823,579 |

30 FINANCE COSTS

| | <u>2023</u> | <u>2022</u> |
|---|--------------------|-------------------|
| Interest expense | 296,572,631 | 12,788,861 |
| Interest expense interest expense on lease obligation | 229,616 | 67,199 |
| Foreign currency exchange rate loss | 1,451,013 | 10,555,029 |
| Interest expense on long term employee benefit | 8,192,161 | 7,128,175 |
| Bank charges | 393,992 | 1,108,496 |
| | 306,839,413 | 31,647,759 |



**ETHIOPIAN AGRICULTURAL BUSINESS CORPORATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 07 JULY 2023 / (30 SENE 2015 E.C)**

31 RELATED PARTY TRANSACTIONS

Related parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operation decisions, or one other party controls both. A number of transactions were entered into with related parties in the normal course of business. These are disclosed below:

Key management compensation

Key management has been determined to be the members of the Board of Directors and the Executive Management of the Enterprise. The compensation paid or payable to key management for is shown below. There were no sales or purchase of goods and services between the Corporation and key management personnel as at 7 July 2023 .

| | 7 July 2023 | 7 July 2022 |
|---|------------------|------------------|
| | <u>Birr</u> | <u>Birr</u> |
| Salaries and other short-term employee benefits | 6,557,332 | 6,897,447 |
| Post-employment benefits | 1,732,765 | 1,493,763 |
| | <u>8,290,098</u> | <u>8,391,210</u> |

Compensation of the Corporations' key management personnel includes salaries, non-cash benefits and contributions to the post-employment defined benefits plans.

32 EVENTS AFTER REPORTING PERIOD

In the opinion of the Management, there were no significant post balance sheet events which could have a material effect on the state of affairs of the Corporation as at 7 July 2023 and on the profit for the period ended on that date, which have not been adequately provided for or disclosed.

