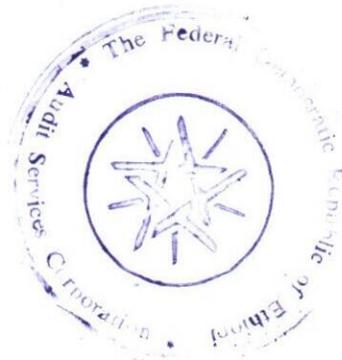


**Ethiopian Electric Power
Financial statements
For the year ended 7 July 2025
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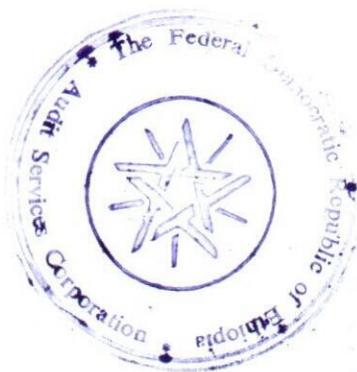
**Ethiopian Electric Power
Financial statements
For the year ended 7 July 2025
Management board and Executive magement**

Management board

H.E. Abraham Belay (Ph.D)	Board Chairperson	Appointed Feb-2020
H.E Ambassador Girma Birru	Board Member	Appointed Feb-2020
H.E. Eng. Ayisha Mohammed	Board Member	Appointed Dec-2016
H.E. Eyob Tekalgn (Ph.D)	Board Member	Appointed Mar-2019
HE. Fikadu Digafe	Board Member	Appointed Jun-2023
H.E. Melaku Alebel	Board Member	Appointed Mar-2024
Ato Toshome Belay	Board Member	Appointed Apr-2020
W/ro Mahilet Nigussie	Board Member	Appointed Apr-2020

Executive management

Ato Ashebr Balcha	Chief Executive Officer	Appointed Feb-2020
Ato Andualem Siae	Deputy CEO, Transmission Bussines	Appointed Jan-2025
Ato Ephrihem W/Kidan	Deputy CEO, Generation Bussines	Appointed Jan-2025
Ato Wudineh Yemane	Deputy CEO, Engineering Consturaction Bussines	Appointed Jan-2025
Ato Demere Assefa	Deputy CEO, Coporate Finance and Resource Administration	Appointed Jan-2025
Ato Hiwot Eshetu	Executive, Coporate Planning	Appointed Jan-2025
Ato Merga Terefe	Executive, Internal Audit	Appointed Jan-2025
Ato Duguma Nede	Executive, Corporate Governance and Compliance	Appointed Jan-2025
W/ro Tsion Bekele	Executive, Digital Transformation	Delegated April-2025



**Ethiopian Electric Power
Financial statements
For the year ended 7 July 2025
Report of the management board**

The management board members submit their report together with the financial statements for the period ended 7 July 2025 to the supervising authority; Ethiopian Investment Holdings (EIH).

Incorporation and address

Ethiopian Electric Power was established as an autonomous public enterprise on 9 December 2013 and is governed by public enterprises Proclamation No. 25/1992.

The Enterprise has its head office at Kotebe EEP Building, Addis Ababa, Ethiopia and has branches, project offices and coordinating offices in various regions within Ethiopia.

Principal activities

The Enterprise's principal activities are generation and transmission of power, substation; construction, upgrade and management and sale of bulk electric power.

Results and dividends

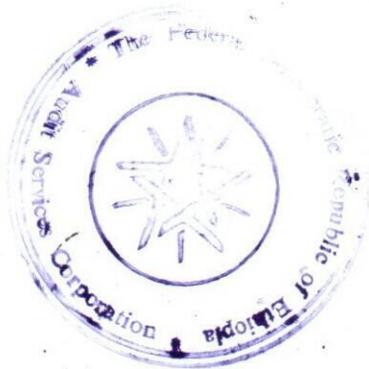
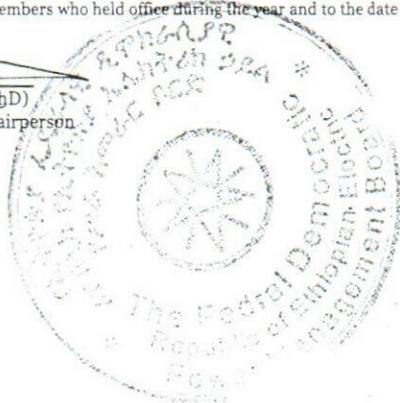
The Enterprise's results for the year ended 7 July 2025 are set out on page 11. The loss for the year has been transferred to accumulated losses. The summarised results are presented below.

	<u>7-Jul-25</u> <u>Birr'000</u>	<u>7-Jul-24</u> <u>Birr'000</u>
Revenue from contracts with customers	72,710,170	27,137,357
Net loss for the year	(122,079,764)	(10,147,553)
Other comprehensive gain and loss	(44,893)	17,789
Total comprehensive loss for the period	<u>(122,124,657)</u>	<u>(10,129,764)</u>

Management Board

The management board members who held office during the year and to the date of this report are set out on page 3.


H.E. Abraham Beay (PhD)
Management Board Chairperson
2 January 2026



**Ethiopian Electric Power
Financial statements
For the year ended 7 July 2025
Statement of management board's responsibilities**

The management board members submit their report together with the financial statements for the period ended 7 July 2025 to the supervising authority, Ethiopian Investment Holdings (EIH).

The Enterprise's management board is responsible for ensuring proper books of accounts are kept.

To enable the management board to meet this responsibility, the management board and executive management implement systems of internal control, accounting and information systems aimed at providing reasonable assurance that assets are safeguarded and the risk of error, fraud or loss is reduced in a cost-effective manner. These controls, contained in established policies and procedures, include the proper delegation of responsibilities and authorities within a clearly defined framework, effective accounting procedures and adequate segregation of duties.

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

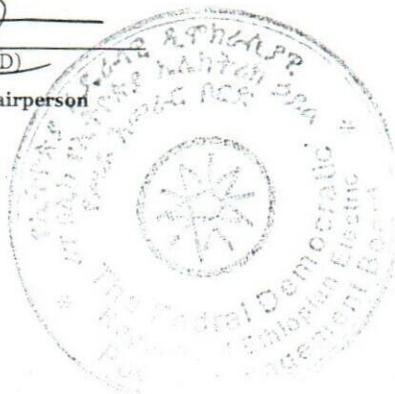
Signed on behalf of the management board by:



H.E. Abraham Belay (PhD)

Management Board Chairperson

2 January 2026





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PUBLIC ACCOUNTABILITY | SHARED GROWTH

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Audit Service Corporation



**INDEPENDENT AUDITOR'S REPORT TO
THE SUPERVISING AUTHORITY OF
ETHIOPIAN ELECTRIC POWER**

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Ethiopian Electric Power, which comprise the statements of financial position as at 7 July 2025, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and notes to the financial statements, including a summary of material accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at 7 July 2025 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Entity in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Ethiopia, and we have fulfilled our other ethical responsibilities in accordance with 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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**INDEPENDENT AUDITOR'S REPORT TO
THE SUPERVISING AUTHORITY OF
ETHIOPIAN ELECTRIC POWER (continued)**



Report on the Audit of the Financial Statements (continued)

Key Audit Matters (continued)

Property, plant and equipment

The risks involved with a project-oriented undertaking such as the Entity are manifold. They will entail, but not be limited to, the physical control of equipment and stocks of materials, the reporting of transactions at project sites to the accounting function, the capitalization of costs caused by inefficiencies, the charging of overheads, and the correct accumulation of project costs, including the correct application of foreign exchange rates.

Our audit procedures to address these audit matters included the assessment of the system of internal controls over the risk areas by reviewing work procedures and discussions with relevant personnel, both senior and junior; checking pertinent documentation including construction contracts; ensuring that additions did not include any amount of a nature of revenue expenditure; ensuring that where full payment has not been made for whatsoever reason, the asset is recorded at full cost and the balance has been recognized as a liability; enquiring of management as to capital work in progress accounts that show no movement for over a year; visiting a number of construction sites to understand their overall status by physical inspection and discussion with site personnel; and performing other routine audit procedures.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs and in the manner required by the Commercial Code of Ethiopia of 2021, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

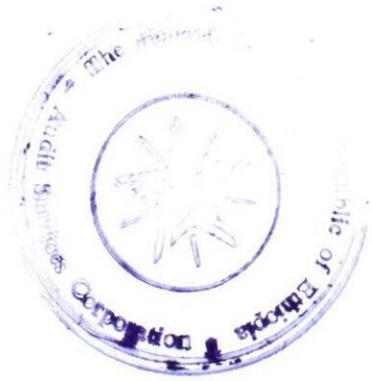
In preparing the financial statements, management is responsible for assessing the Enterprise's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity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

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

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**INDEPENDENT AUDITOR'S REPORT TO
THE SUPERVISING AUTHORITY OF
ETHIOPIAN ELECTRIC POWER (continued)**



Report on the Audit of the Financial Statements (continued)

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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INDEPENDENT AUDITOR'S REPORT TO
THE SUPERVISING AUTHORITY OF
ETHIOPIAN ELECTRIC POWER (continued)

Report on the Audit of the Financial Statements (continued)

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Woizero Rediet Berhan.

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INDEPENDENT AUDITOR'S REPORT TO
THE SUPERVISING AUTHORITY OF
ETHIOPIAN ELECTRIC POWER (continued)

Report on the Audit of the Financial Statements (continued)

Additional Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the additional information. The additional information comprises the information included in pages 3, 4 and 5 of the financial statements, but does not include the financial statements and our auditor's report thereon.

In connection with our audit of the financial statements, our responsibility is to read the additional information and, in so doing, consider whether the additional information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work that we have performed, we conclude that there is a material misstatement of this additional information, we are required to report that fact. We have nothing to report in this regard.

Audit Service Corporation

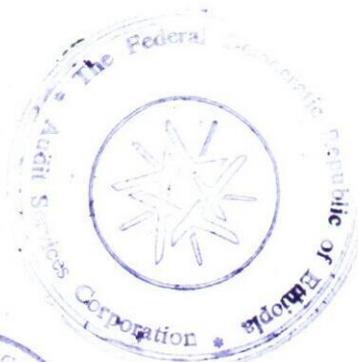
02 January 2026



Ethiopian Electric Power
Financial statements
For the year ended 7 July 2025
Statement of profit or loss and other comprehensive income

	Notes	7-Jul-25 Birr'000	7-Jul-24 Birr'000
Revenue from contracts with customers	5	72,710,170	27,137,357
Direct costs	6(a)	(8,684,210)	(7,012,928)
Operating expenses	6(b)	(761,665)	(792,390)
Net impairment gain (loss) on financial assets	13 15	(9,408,599)	(847,818)
Other income	8	145,055,037	5,111,622
Earnings before interest, taxes, depreciation and amortization (EBITDA)		198,910,733	23,595,843
Depreciation of property, plant and equipment and Amortization	10 14	(10,953,510)	(8,468,768)
Depreciation charge of right of use asset	11	(25,137)	(40,054)
		(10,978,647)	(8,508,822)
Operating profit/(loss)		187,932,086	15,087,021
Finance costs	9	(310,011,850)	(25,234,574)
Net Loss for the year		(122,079,764)	(10,147,553)
Other comprehensive income (OCI)			
Items that will not be reclassified to profit or loss:			
Remeasurement gain/(loss) on post employment benefits obligations	18	(44,893)	17,789
		(44,893)	17,789
Total comprehensive loss for the period		(122,124,657)	(10,129,764)

The notes on pages 15 to 47 are an integral part of these financial statements.



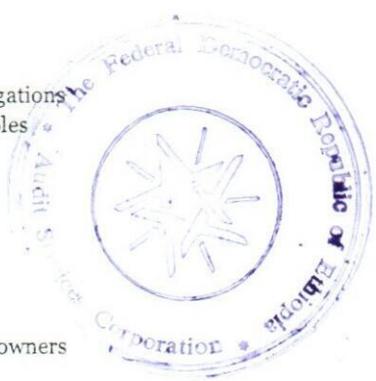
**Ethiopian Electric Power
Financial statements
As at 7 July 2025
Statement of financial position**

	Notes	7-Jul-25 Birr'000	7-Jul-24 Birr'000
ASSETS			
Non current assets			
Property, plant and equipment	10	770,057,551	683,138,950
Intangible assets	14	677,593	645,613
Right of use assets	11	30,285	26,585
		<u>770,765,429</u>	<u>683,811,148</u>
Current assets			
Inventories	12	2,206,051	1,889,621
Trade and other receivables	13(a)	34,016,568	20,592,162
Cash and cash equivalents	16	18,802,873	3,453,095
Assets classified as held for sale		-	-
		<u>55,025,492</u>	<u>25,934,878</u>
Total assets		<u>825,790,921</u>	<u>709,746,026</u>
EQUITY AND LIABILITIES			
LIABILITIES			
Non-current liabilities			
Borrowings	17	188,069,070	73,348,816
Lease liabilities	11	16,825	21,077
Employee benefit obligations	18	107,456	53,635
Provisions	21	0	69
Grants	26	10,028,270	9,538,425
		<u>198,221,621</u>	<u>82,962,022</u>
Current liabilities			
Borrowings	17	104,732,493	30,663,349
Employee benefit obligations	18	41,182	27,320
Trade and other payables	19	48,957,536	33,035,264
Contract liabilities	20	184,831	82,597
Provisions	21	502,343	485,221
Lease liabilities	11	10,034	9,236
		<u>154,428,419</u>	<u>64,302,987</u>
Total liabilities		<u>352,650,040</u>	<u>147,265,009</u>
Equity attributable to owners			
Capital	22	619,648,582	586,864,060
Legal reserve	23	2,283	2,283
Other reserves	24	(65,753)	(20,859)
Accumulated losses		(309,212,070)	(187,132,306)
Non-distributable reserve	25	162,767,839	162,767,839
		<u>473,140,881</u>	<u>562,481,017</u>
Total equity		<u>473,140,881</u>	<u>562,481,017</u>
Total equity and liabilities		<u>825,790,921</u>	<u>709,746,026</u>

The notes on pages 15 to 47 are an integral part of these financial statements.

The financial statements on pages 11 to 47 were authorised for issue on 2025 and were signed by:

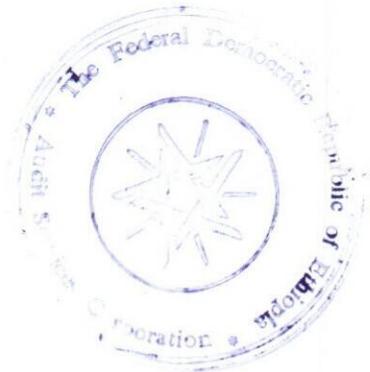
Ashebr Balcha
Chief Executive Officer
2 January 2026



**Ethiopian Electric Power
Financial statements
For the year ended 7 July 2025
Statement of changes in equity**

Notes	Capital	Legal	Other	Accumulated	Non-	Total equity
	Birr'000	reserve	reserves	loss	distributable	Birr'000
		Birr'000	Birr'000	Birr'000	Birr'000	Birr'000
As at 8 July 2023	319,246,063	2,283	(38,648)	(176,984,756)	162,767,839	304,992,781
Loss for the period	-	-	-	(10,147,553)	-	(10,147,553)
Other comprehensive income:						
Re-measurement gains on defined benefit plans	-	-	17,789	-	-	17,789
Total comprehensive income / (loss) for the period	-	-	17,789	(10,147,553)	-	(10,129,764)
Transaction with owners in their capacity as owners:						
Capital contribution	267,617,998	-	-	-	-	267,617,998
As at 7 July 2024	586,864,060	2,283.0	(20,859)	(187,132,309)	162,767,839	562,481,017
As at 8 July 2024	586,864,060	2,283	(20,860)	(187,132,309)	162,767,839	562,481,013
Loss for the period	-	-	-	(122,079,764)	-	(122,079,764)
Other comprehensive income:						
Re-measurement gains on defined benefit plans	-	-	(44,893)	-	-	(44,893)
Total comprehensive income / (loss) for the period	-	-	(44,893)	(122,079,764)	-	(122,124,657)
Transaction with owners in their capacity as owners:						
Capital contribution	32,784,521	-	-	-	-	32,784,521
As at 7 July 2025	619,648,582	2,283	(65,753)	(309,212,070)	162,767,839	473,140,881

The notes on pages 15 to 47 are an integral part of these financial statements.



**Ethiopian Electric Power
Financial statements
For the year ended 7 July 2025
Statement of cash flows**

	Notes	7-Jul-25 Birr'000	7-Jul-24 Birr'000
Cash flows from operating activities			
Cash generated from (used in) operations	27 (a)	189,871,050	32,170,777
Interest paid on borrowings	17	(2,829,486)	(4,613,919)
Interest paid on leases	11	(3,031)	(1,524)
Net cash (outflow)/inflow from operating activities		187,038,533	27,555,335
Cash flows from investing activities			
Purchase of property, plant and equipment	10	(23,156,652)	(39,208,185)
Purchase of intangible assets	14	(45,253)	(226,379)
Payment for right of use assets	11	(11,771)	(7,875)
Net cash (outflow)/inflow from investing activities		(23,213,676)	(39,442,439)
Cash flows from financing activities			
Proceeds from borrowings	17	72,529	7,016,701
Repayments of borrowings	17	(2,048,607)	(1,980,051)
Principal elements of lease payments		(20,871)	(25,988)
Net cash (outflow)/inflow from financing activities		(1,996,950)	5,010,662
Net (decrease)/increase in cash and cash equivalents		161,827,907	(6,876,443)
Cash and cash equivalents at the beginning of the year	16	3,453,095	10,907,444
Effects of exchange rate changes on cash and cash equivalents		(146,478,129)	(577,906)
Cash and cash equivalents at the end of the year	16	18,802,873	3,453,095

The notes on pages 15 to 47 are an integral part of these financial statements.



**Ethiopian Electric Power
Financial statements
For the year ended 7 July 2025
Notes to the financial statements**

1 General information

Ethiopian Electric Power ("the Enterprise") was established as an autonomous public Enterprise by the Federal Democratic Republic of Ethiopia Council of Ministers Regulation No. 302/2013. The Enterprise assumed generation and transmission of power and substation management rights and obligations of the former Ethiopian Electric Power Corporation effective from 9 December 2013. The Enterprise is governed by Public Enterprises Proclamation No.1314/2024

The Enterprise's registered office is at:

Kotebe EEP Building
Yeka Sub city
Addis Ababa, Ethiopia.

The Enterprise's principal activities are generation and transmission of power, substation construction, upgrading and management and sale of bulk electric power.

2 Material accounting policies

2.a Introduction to Material accounting policies

The Material accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.b Basis of preparation

The financial statements for the year ended 7 July 2025 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). Additional information required by National regulations is included where appropriate. All values are presented in Ethiopian Birr, which is also the Functional Currency, rounded of the nearest thousand (Birr'000).

The financial statements comprise the statement of profit or loss and other comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and the notes to the financial statements.

The financial statements have been prepared in accordance with the going concern principle under the historical cost concept except where otherwise stated in the accounting policies. Under the historical cost basis, assets are recorded at the amount of cash or cash equivalents paid or the fair value of the consideration given to acquire them at the time of their acquisition. Liabilities are recorded at the amount of proceeds received in exchange for the obligation or, in some cases, at the amounts of cash or cash equivalents expected to be paid to satisfy the liability in the normal course of business.

For those assets and liabilities measured at fair value, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When measuring the fair value of an asset or a liability, the Enterprise uses market observable data as far as possible. If the fair value of an asset or a liability is not directly observable, it is estimated by the Enterprise using valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs (e.g. by use of the market comparable approach that reflects recent transaction prices for similar items or discounted cash flow analysis). Inputs used are consistent with the characteristics of the asset / liability that market participants would take into account.

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Enterprise's accounting policies. Changes in the estimates and underlying assumptions may have a significant impact on the financial statements in the year the assumptions changed. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.



**Ethiopian Electric Power
Financial statements
For the year ended 7 July 2025
Notes to the financial statements**

2 Material accounting policies (continued)

2.c Going concern

The financial statements have been prepared on a going concern basis. Nothing has come to the attention of the management board to indicate that the Enterprise will not remain a going concern for at least twelve months from the date of approval of these financial statements for issue.

2.d Changes in accounting policies and disclosures

2.d(i) New Standards, amendments, interpretations not yet effective and not early adopted by the Enterprise

New IFRS standards, amendments, and interpretations issued but not yet effective as of July 7, 2025, have been reviewed. Based on current assessments, none are expected to have a material impact on the Standalone entity's financial statements for the current year or for future reporting periods. The Company does not plan to early adopt any such standards or amendments.

2.e Foreign currency translation

2.e(i) Functional and Presentation

Items included in the financial statements are measured using the currency of the primary economic environment in which the Enterprise operates ('the Functional currency'). Both the Functional Currency and Presentation Currency of the Enterprise is the Ethiopian Birr (Birr).

2.e(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at exchange rates of monetary assets and liabilities denominated in currencies other than the Enterprise's Functional currency are recognised in profit or loss within other (loss)/income. Monetary items denominated in foreign currency are translated using the closing rate as at the reporting date.

Changes in the fair value of monetary securities denominated in foreign currency are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income.

2.f Recognition of revenue from contracts with customers

The Enterprise principally generates revenue from providing power generation, transmission and substation management services which may be sold separately or in bundled packages.

The Enterprise recognises revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the Enterprise expects to be entitled in exchange for those goods or services. Revenue is recognised when a customer obtains control of a good or service. A customer obtains control when it can direct the use of and obtain the benefits from the goods or services.

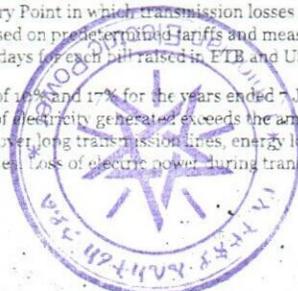
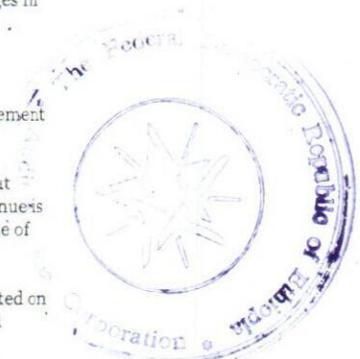
Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Enterprise recognises revenue when it satisfies a performance obligation by transferring a

The Enterprise derives revenue from the transfer of goods and services over time for the following major product lines:

Products and services	Nature, timing of satisfaction of performance obligations and significant payment terms
Bulk electric power	The Enterprise generates and sells bulk electric power to Ethiopian Electric Utility, Sudan and Djibouti. Transfer of control of the output (bulk electricity) occurs simultaneously with consumption of the benefits by the customer and thus the Enterprise recognises revenue over time.
Construction	The Enterprise constructs electric power transmission lines, substations for Ethiopian Electric Utility and other industrial customers. The Enterprise recognises transmission lines, substations, and other construction revenue over time.
Operations & maintenance	The Enterprise manages substation operations and provides maintenance services to Ethiopian Electric Utility and other industrial customers. The Enterprise recognises substations operations and maintenance revenue over time.

The Enterprise measures its progress towards complete satisfaction of the transfer of bulk electric power, a performance obligation satisfied over time, using the output method to its main customer, Ethiopian Electric Utility (EEU), Industry customer, National Electricity Corporation of The Sudan (NEC), Electricite de Djibouti (EDD) and Kenya Electricity Transmission Company Limited (KETRACO) under Power Purchase Agreements (PPA). The Enterprise measures quantity of bulk power delivered at designated Delivery Point in which transmission losses are assumed by the Enterprise up to Metering Points. Monthly bills are raised based on predetermined tariffs and measurement of power delivered and cash collection are made in a maximum of 30-60 days for each bill raised in ETB and US Dollars.

Management estimated a transmission loss of 16% and 17% for the years ended 7 July 2025 and 7 July 2024, respectively. Transmission loss occurs when the amount of electricity generated exceeds the amount delivered to end users, resulting from technical losses such as resistance loss over long transmission lines, energy losses in conductors and transformers, and non-technical losses like metering inaccuracies. Loss of electric power during transmission is an underlying characteristic of the business of the Enterprise.



**Ethiopian Electric Power
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Notes to the financial statements**

2 Material accounting policies (continued)

2.g Interest and similar income and expense

For all the government bills measured at amortised cost interest income or expense is recorded using the Effective Interest rate (EIR), which is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter year, where appropriate, to the net carrying amount of the financial asset or financial liability. The calculation takes into account all contractual terms of the financial instrument (for example, prepayment options) and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the Effective Interest Rate (EIR), but not future credit losses.

The carrying amount of the financial asset or financial liability is adjusted if the Enterprise revises its estimates of payments or receipts. The adjusted carrying amount is calculated based on the original EIR and the change in carrying amount is recorded as 'interest and similar income' for financial assets and interest and similar expense for financial liabilities. Once the recorded value of a financial asset or a group of similar financial assets has been reduced due to an impairment loss, interest income continues to be recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

2.h Financial instruments

2.h(i) Financial Assets

Classification

The Enterprise classifies its financial assets in the following measurement categories based on its business model which is to hold financial assets to collect the contractual cashflows and also depending on the contractual cashflow characteristics of the financial asset:

- those to be measured at amortised cost, and
- those to be measured subsequently at fair value (either through OCI or through profit or loss)

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI.

Measurement

At initial recognition, the Enterprise measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt Instruments

Subsequent measurement of financial assets depends on the cash flow characteristics of the financial asset and the Enterprise's business model for managing the financial assets which is to hold assets in order to collect contractual cashflows.

The Enterprise classifies its debt instruments under amortised cost measurement category for assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

Trade receivables and other receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 90 days and therefore are all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts.

The Enterprise holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. Details about the Enterprise's impairment policies and the calculation of the loss allowance are provided in Note 4 to the financial statements.

Due to the short-term nature of the current receivables, their carrying amount is considered to be a reasonable approximation of their fair value.

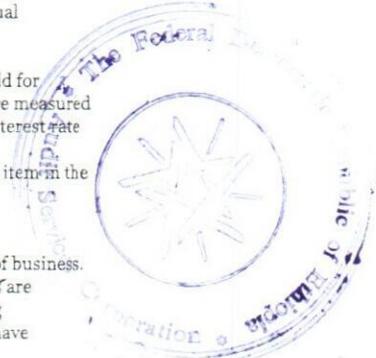
Other receivables generally arise from transactions outside the usual operating activities of the Enterprise.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Enterprise has transferred substantially all the risks and rewards of ownership.



**Ethiopian Electric Power
Financial statements
For the year ended 7 July 2025
Notes to the financial statements**

2 Material accounting policies (continued)

2.h Financial instruments (continued)

2.h(ii) Financial liabilities

Borrowings

Borrowings for the Enterprise comprise of loans, notes payables and promissory notes. Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Trade payables

These amounts represent liabilities for goods and services provided to the Enterprise prior to the end of financial year which are unpaid. The amounts are unsecured. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured

2.h(iii) Impairment of financial assets

The Enterprise assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Enterprise applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables, see Note 4 for further details.

2.h(iv) instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position where The Enterprise has a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.i Property, plant and

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Cost comprises of purchase price or construction cost, any costs directly attributable to bringing the asset to its present location and condition, the initial estimate of the decommissioning obligations and for qualifying assets, borrowing costs.

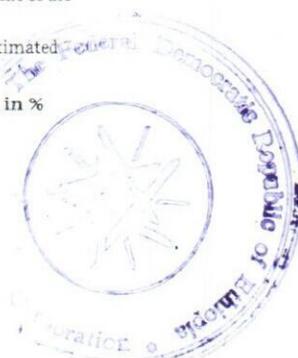
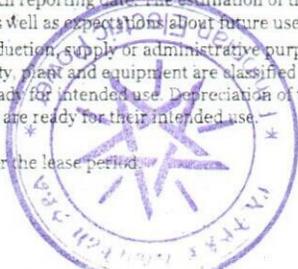
Significant parts of an item of property, plant and equipment that have different useful lives are accounted for as separate items (major components). Spare parts, standby equipment and servicing equipment are recognised as property, plant and equipment when they meet the definition of property, plant and equipment. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised.

Depreciation is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Asset class	Useful life in years	Average residual value in %
Transmission lines	40-55	7%-9%
Buildings	10-100	10%-12%
Office equipment	8-40	10%-11%
Substation	8-70	6%-8%
Vehicles	8-50	7%-13%
Diesel Power Plant	8-70	22%-24%
Geothermal Power Plant	8-50	21-23%
Hydro-electric power plants	8-100	8%-9%
Wind power Plant	8-55	4%-6%
Switch yard	8-70	13%-14%
Waste to Energy Plant	15-100	1%-2%

The Enterprise commences depreciation when the asset is available for use. The depreciation method, residual values and useful lives of assets are reviewed and adjusted if appropriate, at each reporting date. The estimation of the useful lives of property, plant and equipment is based on historical performance as well as expectations about future use and therefore Property, plant and equipment under course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment losses. Such items of property, plant and equipment are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Freehold land and leasehold land is amortised over the lease period.



**Ethiopian Electric Power
Financial statements
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2 Material accounting policies (continued)

2.i Property, plant and Equipment (continued)

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in income statement when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Property, plant and equipment acquired in exchange for non-monetary assets or a combination of monetary and non-monetary assets are measured at fair value of the new asset. If the fair value cannot be determined reliably, then the exchanged asset is measured at the carrying amount of the asset given up.

Gains and losses on disposal of property, plant and equipment are determined by comparing proceeds with their carrying amounts and are taken into account in determining profit for the year

2.j Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in income statement in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life. The amortisation year and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life, or the expected pattern of consumption of future economic benefits embodied in the asset, are accounted for by changing the amortisation year or methodology, as appropriate, which are then treated as changes in accounting estimates. The amortisation expenses on intangible assets with finite lives is presented as a separate line item in the income statement.

Softwares

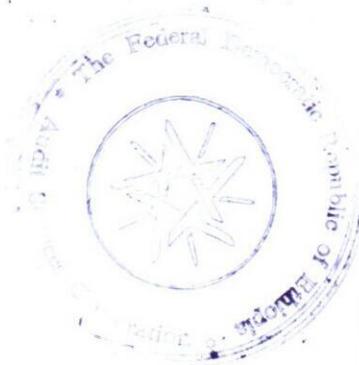
Costs associated with maintaining software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Enterprise are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use
- management intends to complete the software and use or sell it
- there is an ability to use or sell the software
- it can be demonstrated how the software will generate probable future economic benefits
- adequate technical, financial and other resources to complete the development and to use or sell the software are available, and the expenditure attributable to the software during its development can be reliably measured

Directly attributable costs that are capitalised as part of the software include employee costs and an appropriate portion of relevant overheads. Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use.

Research expenditure and development expenditure that do not meet the criteria above are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent year.

The Enterprise amortises intangible assets with a definite useful life using the straight-line method over the useful lives of 3



**Ethiopian Electric Power
Financial statements
For the year ended 7 July 2025
Notes to the financial statements**

2 Material accounting policies (continued)

2.m Leases (continued)

Lease liabilities

Lease liabilities include the net present value of the following lease payments:

- i) fixed payments (including in-substance fixed payments), less any lease incentives receivable
- ii) variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- iii) amounts expected to be payable by the Enterprise under residual value guarantees
- iv) the exercise price of a purchase option if the Enterprise is reasonably certain to exercise that option, and
- v) payments of penalties for terminating the lease, if the lease term reflects the Enterprise exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Enterprise, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Enterprise's estimate in the amount expected to be payable under a residual guarantee or if the Enterprise changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is premeasured this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use has been reduced to zero.

Right of use assets

Right-of-use assets are measured at cost comprising the following:

- i) the amount of the initial measurement of lease liability
- ii) any lease payments made at or before the commencement date less any lease incentives received
- iii) any initial direct costs, and
- iv) restoration costs.

Restorations costs relate to estimate of costs to be incurred by the lessee 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. The provision for the restoration costs is recognised as a separate liability from lease liabilities.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Enterprise is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the Lease term - extension and termination options

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).
Residual value guarantees

The Enterprise initially estimates and recognises amounts expected to be payable under residual value guarantees as part of the lease liability. At the end of each reporting period, the expected residual values are reviewed to reflect actual residual values achieved on comparable assets and expectations about future prices.

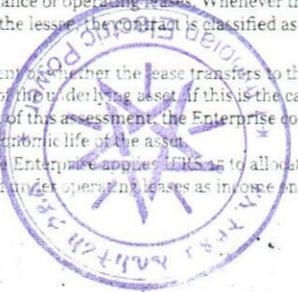
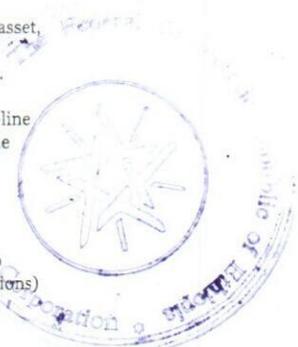
Short-term leases and leases of low value assets

Payments associated with short-term leases and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option. Low-value assets comprise IT equipment and small items of office furniture.

The Enterprise as a lessor

When the Enterprise acts as a lessor, it determines at lease commencement each lease is a finance lease or an operating lease. Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All

To classify each lease, the Enterprise makes an overall assessment of whether the lease transfers to the lessee substantially all risks and rewards of ownership incidental to the ownership of the underlying asset. If this is the case, the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Enterprise considers certain indicators such as whether the lease is for a major part of the economic life of the asset.
If an arrangement contains lease and non-lease components, the Enterprise applies IFRS 15 to allocate the consideration in the contract. The Enterprise recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of other income.



**Ethiopian Electric Power
Financial statements
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2 Material accounting policies (continued)

2.n Inventories

Inventories are valued at the lower of cost and net realizable value. Costs are allocated to individual inventory items using the weighted average cost method, with separate calculations for each plant location. The cost of inventories includes the purchase price and incidental costs, less any discounts. Net realizable value is the estimated selling price in the normal course of business, minus the estimated costs of completion and the costs necessary to make the sale.

2.o Current and deferred income tax

The Enterprise is exempt from business income tax.

2.p Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2.q Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the year of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the year of the facility to which it relates.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

2.r Trade and other payables

These amounts represent liabilities for goods and services provided to the Enterprise prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost.

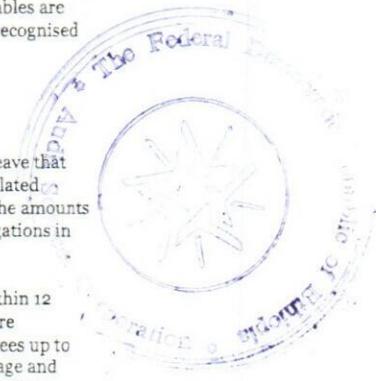
2.s Employee benefits

2.s(i) Short-term obligations

Liabilities for wages and salaries, bonus, including non-monetary benefits, annual leave and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the year in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting year and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the statement of financial position.

2.s(ii) Other long-term employee benefit obligations

The Enterprise has liabilities for long service leave and annual leave that are not expected to be settled wholly within 12 months after the end of the year in which the employees render the related service. These obligations are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting year using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and years of service. Expected future payments are discounted using market yields at the end of the reporting year of high-quality corporate bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows. Remeasurements as a result of experience adjustments and changes to the obligations are presented as current liabilities in the statement of financial position if the Enterprise does not have an unconditional right to defer settlement for at least twelve months after the reporting year, regardless of when the actual settlement is expected to occur.



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2 Material accounting policies (continued)

2.5 Employee benefits (continued)

2.5(iii) Post-employment obligations

The Enterprise operates various post-employment schemes, including defined contribution pension plans and defined benefit pensions plans.

Pension obligations

The liability or asset recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period. The defined benefit obligation is calculated annually by independent actuaries 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 zero-coupon government bond yield curves.

The interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the year in which they occur, directly in other comprehensive income.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service costs.

For defined contribution plans, the Enterprise pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Enterprise has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Other post-employment obligations

The Enterprise provides post-retirement free electricity benefits to their retirees. A retiree is entitled to a maximum of 264Kwh per month free electricity with reducing amount based on the number of years in service. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period.

The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit pension plans. Remeasurement 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. These obligations are valued annually by independent qualified actuaries. Refer to Note 17 for details on the valuation.

2.5(iv) Bonus plans

The Enterprise recognises a liability and an expense for bonuses based on management's assessment and negotiation with labour union. The Enterprise recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

2.5(v) Termination benefits

Termination benefits are payable when employment is terminated by the Enterprise before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Enterprise recognises termination benefits at the earlier of the following dates:

- (a) when the Enterprise can no longer withdraw the offer of those benefits; and
- (b) when the Enterprise recognises costs for a restructuring that is within the scope of IAS 37 and involves the payment of terminations benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting year are discounted to present value.

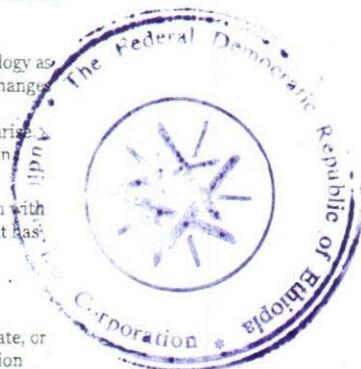
Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Enterprise will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and they are credited to profit or loss on a straight-line basis over the expected lives of the related assets.

The Enterprise has received freehold land for business use from the Government of the Federal Democratic Republic of Ethiopia which is also the sole owner of the Enterprise. Non-monetary government grants such as freehold land are recognised as both an asset and capital contribution at fair value.

The Enterprise accounts for the benefit arising from below-market loans from government or government related institutions as government grants. Such loans are recognised and measured in accordance with IFRS 9 Financial Instruments. The benefit of the below-market rate of interest is measured as the difference between the initial carrying value of the loan determined in accordance with IFRS 9 and the proceeds received.



**Ethiopian Electric Power
Financial statements
For the year ended 7 July 2025
Notes to the financial statements**

2 Material accounting policies (continued)

2.1 Borrowings costs

Borrowing costs are interest and other costs that the Enterprise incurs in connection with the borrowing of funds. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the year of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial year of time to get ready for their intended use or sale.

Other borrowing costs are expensed in the year in which they are incurred.

2.2 Provisions

Provisions for legal claims, service warranties and make good obligations are recognised when the Enterprise has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting year. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

3 Critical accounting judgements and key sources of estimation uncertainty

The preparation of the Enterprise's financial statements requires management to make judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities, and the Enterprise's disclosures, as well as the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future years.

Other disclosures relating to the Enterprise's exposure to risks and uncertainties includes:

- Capital management
- Financial risk management and policies

In the process of applying the Enterprise's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

3.a Property, plant and equipment

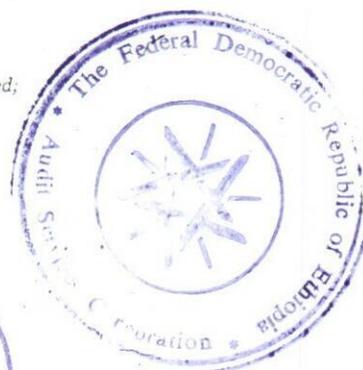
The depreciation charge for property, plant and equipment is derived using estimates of its expected useful life and expected residual value, which are reviewed annually. Increasing an asset's expected life or residual value would result in a reduced depreciation charge in the consolidated income statement.

Management determines the useful lives and residual values for assets when they are acquired, based on experience with similar assets and taking into account other relevant factors such as any expected changes in technology. The depreciation rates used are set out in Note 2(i) and the basis of impairment has been disclosed under Note 2(l).

3.b Leases - determining right of use and lease liability

Critical judgements required in the application of IFRS 16 includes the following:

- Identifying whether a contract (or part of a contract) includes a lease;
- Determining whether it is reasonably certain that an extension or termination option will be exercised;
- Classification of lease agreements;
- Determination of whether variable payments are in-substance fixed;
- Establishing whether there are multiple leases in an arrangement;
- Determining the stand-alone selling prices of lease and non-lease components.



**Ethiopian Electric Power
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3 Critical accounting judgements and key sources of estimation uncertainty (continued)

3.c Revenue from sale of bulk power

The Enterprise recognizes and measures revenue from bulk electric power sales to its primary customers—Ethiopian Electric Utility (EEU), National Electricity Corporation of Sudan (NEC), Electricité de Djibouti (EDD), and Kenya Electricity Transmission Company Limited (KETRACO)—under Power Purchase Agreements (PPAs). Revenue is recognised based on the quantity of bulk power delivered at the designated delivery points, with transmission losses assumed up to the metering points. Management has estimated transmission losses of 10% for the year ending July 7, 2025, and 17% for the year ending July 7, 2024. Losses during transmission are an inherent characteristic of the Enterprise's

3.d Fair value measurement of financial instruments

The fair value of financial instruments is determined by using valuation techniques. The Enterprise uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the statement of financial position date. The financial instruments subject to fair value estimation have been disclosed under Note 4.

3.e Post-employment benefits

Management uses estimates when determining the Enterprise's liabilities and expenses arising for 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 18 to the financial statements.

3.f Impairment on financial assets

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Enterprise uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Enterprise's past history, existing market conditions as well as forward looking information at the end of each reporting period. Details of the key assumptions and inputs applied are disclosed in Note 4 to the financial statements.

3 Critical accounting judgements and key sources of estimation uncertainty (continued)

3.g Provisions and contingent liabilities

Management exercises judgement in measuring and recognising provisions and the exposures to contingent liabilities related to pending litigation or other outstanding claims subject to negotiated settlement, mediation, arbitration or government regulation, as well as other contingent liabilities as disclosed under Note 29 to the financial statements. Judgement is necessary to assess the likelihood that a pending claim will succeed, or a liability will arise, and estimates are required to determine the possible range of any financial settlement. The inherent uncertainty of such matters means that Management in consultation with the legal and expert advisers estimates a provision based on exposure, precedents and industry best practice. Specific provisions are made for estimated claims and other liabilities to the extent that the Enterprise considers it probable that there will be an outflow of economic benefits.

A restoration provision is recorded based on the best estimate of the average restoration costs (being the future costs relating to dismantling and removing property, plant and equipment and restoring each site) multiplied by the number of sites for which the Enterprise has a restoration obligation. This is then discounted to the present value of the obligation.



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4 Financial risk management

4.a Introduction

The Enterprise'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 Enterprise's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on its financial performance. The Enterprise 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.

Categories of financial instruments

		7-Jul-25 Birr'000	7-Jul-24 Birr'000
Financial assets at amortised cost	Note		
Current			
Trade receivables and other receivables	13	15,413,167	4,612,124
Cash and cash equivalents	16	18,802,873	3,453,095
		<u>34,216,040</u>	<u>8,065,219</u>
Financial liabilities at amortised cost			
Current			
Borrowings	17	104,732,493	30,663,349
Lease liability	11	10,034	9,236
Trade payables	19	33,067,679	24,740,900
Contract liabilities	20	184,831	82,597
Non current			
Borrowings	17	188,069,070	73,348,816
Lease liability	11	16,825	21,077
		<u>326,080,932</u>	<u>128,865,975</u>



4.b Market risk

(i) Foreign exchange risk

The Enterprise is exposed to foreign exchange risk arising from various currency exposures, primarily, with respect to the US dollar, Great Britain Pound (GBP), Euro, Special Drawing Rights (SDR), and Units of Aid (UA). Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.

Special drawing rights (SDR) refer to an international type of monetary reserve currency created by the International Monetary Fund (IMF). Units of Aid (UA) is the official currency for the African Development Bank (AfDB) projects.

The Enterprise does not actively manage foreign exchange risk arising from future commercial transactions and recognised assets and liabilities. The Enterprise 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.



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Financial risk management (continued)

4.b Market risk (continued)

(i) Foreign exchange risk (continued)

The Enterprise's exposure to foreign currency risk at the end of the reporting period, expressed in Ethiopian Birr currency units, was as follows:

07-Jul-25	USD Birr '000	EUR Birr '000	GBP Birr '000	CHF Birr '000	UA Birr '000	Total Birr '000
Foreign Currency Assets						
Cash and cash equivalents	13,209,178	913,859	110,858	-	-	14,233,895
Trade receivables	21,404,561	-	-	-	-	21,404,561
	<u>34,613,739</u>	<u>913,859</u>	<u>110,858</u>	<u>-</u>	<u>-</u>	<u>35,638,456</u>
Foreign Currency Liabilities						
Trade payables	15,170,072	11,974,338	18,037	-	-	27,162,447
Contractor's retention	10,101,578	951,397	-	-	-	11,052,974
Borrowings: Bonds Payables	4,525,498	373,405	127,678	-	-	5,026,580
Borrowings: Long Term Loans	178,403,940	56,876,238	-	-	-	235,280,177
	<u>208,201,088</u>	<u>70,175,376</u>	<u>145,715</u>	<u>-</u>	<u>-</u>	<u>278,522,179</u>
	<u>(173,587,348)</u>	<u>(69,261,518)</u>	<u>(34,857)</u>	<u>-</u>	<u>-</u>	<u>(242,883,723)</u>
07-Jul-24						
	USD Birr '000	EUR Birr '000	GBP Birr '000	CHF Birr '000	UA Birr '000	Total Birr '000
Foreign Currency Assets						
Cash and cash equivalents	1,504,761	601,180	46,857	-	-	2,152,798
Trade receivables	7,247,594	-	-	-	-	7,247,594
	<u>8,752,355</u>	<u>601,180</u>	<u>46,857</u>	<u>-</u>	<u>-</u>	<u>9,400,392</u>
Foreign Currency Liabilities						
Trade payables	-	-	-	-	-	-
Contractor's retention	478,079	275,233	-	-	-	753,312
Borrowings: Bonds Payables	2,020,929	145,306	54,074	-	-	2,220,309
Borrowings: Long Term Loans	75,718,225	25,542,715	-	-	-	101,260,940
	<u>78,217,233</u>	<u>25,963,253</u>	<u>54,074</u>	<u>-</u>	<u>-</u>	<u>104,234,560</u>
	<u>(69,464,878)</u>	<u>(25,362,073)</u>	<u>(7,217)</u>	<u>-</u>	<u>-</u>	<u>(94,834,168)</u>



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Financial risk management (continued)

4 b Market risk (continued)

(i) Foreign exchange risk (continued)

If the local currency strengthens/weakens by 10% against the major foreign currencies, with all the other variables held constant, the impact on the pre-tax profit and retained earnings will be as below:

	7-Jul-25 Birr '000	7-Jul-24 Birr '000
USD/Birr exchange rate - increase/decrease by 10% (2025: 10%)	23,732,905	10,257,816
EUR/Birr exchange rate - increase/decrease by 10% (2025: 10%)	7,110,751	3,179,267
GBP/Birr exchange rate - increase/decrease by 10% (2025: 10%)	(0)	10,187
CHF/Birr exchange rate - increase/decrease by 10% (2025: 10%)	24,075	-
UA/Birr exchange rate - increase/decrease by 10% (2025: 10%)	30,867,731	13,447,270

(ii) Price risk

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

(iii) Interest rate risk

The Enterprise's exposure to changes in market interest rates relates primarily to the Enterprise's financial obligations with floating interest rates. The Enterprise is also holds fixed interest rate financial liabilities.

The Enterprise's borrowings at variable rate were mainly denominated in USD and EUR. The exposure to the Enterprise's borrowings to interest rate changes at the end of the reporting period is as follows:

	2025 Birr '000	% of total loans	2024 Birr '000	% of total loans
Loans:				
Variable rate borrowings: Loans	46,990,307	16%	47,990,046	51%
Fixed rate borrowings: Loans	240,780,460	84%	47,035,739	49%
	287,770,767	100%	95,025,785	100%
Bonds:				
Fixed rate borrowings: Bonds		0.0%	237,172,266	100%

Sensitivity

Profit or loss is sensitive to higher/lower interest income from cash and cash equivalents as a result of changes in variable interest rates.

	Impact on pre-tax profit 7-Jul-25 Birr '000	Impact on pre-tax profit 7-Jul-24 Birr '000
Interest rates - increase by 100 basis points*	1,473,852	2,077,813
Interest rates - decrease by 100 basis points*	(1,473,852)	(2,077,813)

* Holding other variables constant



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Financial risk management (continued)

4.c Credit risk

Credit risk is the risk that a counterparty will default on its contractual obligations resulting in financial loss. The Enterprise 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.

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

		Fully performing Birr'000	Past due but not impaired Birr'000	Impaired Birr'000
07 July 2025				
Trade receivables and other receivable	13	32,326,134	3,436,669	7,509,959
Cash and cash equivalents	16	18,809,981		
		<u>51,136,115</u>	<u>3,436,669</u>	<u>7,509,959</u>
07 July 2024				
Trade receivables and other receivable	13	12,122,083	3,436,669	4,998,461
Cash and cash equivalents	16	3,454,612		
		<u>15,576,695</u>	<u>3,436,669</u>	<u>4,998,461</u>

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 division, who is responsible for managing and analysing credit risk for each new customer before standard payment and delivery terms are offered. The following credit risk modelling applies for financial assets:

The Enterprise 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 Enterprise 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
- Significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of debtor in the group and changes in the operating results of the debtor

The Enterprise 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 180 days past due in making a contractual payment. A default on a financial asset is when the counterparty fails to make contractual payments within 180 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 Enterprise. The Enterprise categorises receivables for write off when a debtor fails to make contractual payments greater than 360 days past due and up on approvals by the board. Where receivables have been written off, the Enterprise continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.



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Financial risk management (continued)

4.c Credit risk (continued)

(i) Trade receivables and contract assets

The Enterprise applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Enterprise 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 months and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current information and considered forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Enterprise has identified the GDP and the inflation rate to be the most relevant factors, however no significant impact has been determined to adjust the historical loss rates based on expected changes in these factors.

The loss allowance provision for trade receivables reconciles to the opening loss allowance for that provision as follows:

	7-Jul-25 Birr'000	7-Jul-24 Birr'000
At start of year	6,101,136	4,998,461
Impairment losses for the year	9,403,008	1,144,602
Reversals of impairment losses for the year		(41,927.00)
Loss allowance as at period end	<u>15,504,144</u>	<u>6,101,136</u>

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, and a failure to make contractual payments for a period of greater than 360 days past due. Impairment losses on trade receivables and contract assets 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 Enterprise made no write-offs of trade receivables.



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Financial risk management (continued)

4.c Credit risk (continued)

(ii) Deposits with financial institutions

This comprise bank balances with local financial institutions, 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. The loss allowance provision for deposits with financial institutions reconciles to the opening loss allowance for that provision as follows:

	7-Jul-25 Birr'000	7-Jul-24 Birr'000
At start of year	1,517	3,701
Impairment losses/ (reversals) for the year	5,591	(2,184)
Reversals of impairment losses for the year	-	-
Loss allowance as at period end	7,108	1,517

All of these financial assets are considered to be low risk, and thus the impairment provision recognised during the period was limited to 12 months expected losses.

(iii) Net impairment losses on financial and contract assets recognised in profit or loss

	7-Jul-25 Birr'000	7-Jul-24 Birr'000
Impairment losses on trade receivables	9,403,008	1,144,602
Reversals of impairment losses on trade receivables	-	(41,927)
Impairment losses on deposits with financial institutions	5,591	(2,184)
Reversals of impairment losses on deposits with financial institutions	-	-
	9,408,599	1,100,491

4.d Liquidity risk

Liquidity risk is the risk that the Enterprise 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 from an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses, the finance department maintains flexibility in funding by maintaining availability under committed credit lines.

Management performs cash flow forecasting and monitor rolling forecasts of the Enterprise's liquidity requirements to ensure it has sufficient cash to meet its operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Enterprise does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. The Enterprise'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 Enterprise's reputation.

The table below analyses the Enterprise's financial liabilities that will be settled on a net basis 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.

	Less than 1 year Birr'000	Between 1 and 5 years Birr'000	Over 5 years Birr'000	Total undiscounted Birr'000	Carrying amount Birr'000
At 7 July 2025:					
Borrowings	6,089,180	67,816,236	30,106,788	104,012,205	292,801,563
Lease liability	4,437	4,492	15,383	24,312	26,859
Trade payables	33,067,679	-	-	33,067,679	33,067,679
Contract liabilities	184,831	-	-	184,831	184,831
	39,346,127	67,820,728	30,122,172	137,289,027	326,080,932
At 7 July 2024:					
Borrowings	6,089,180	67,816,236	30,106,788	104,012,205	292,771,405
Lease liability	4,437	4,492	15,383	24,312	26,859
Trade payables	24,740,900	-	-	24,740,900	24,740,900
Contract liabilities	82,597	-	-	82,597	82,597
	30,917,114	67,820,727	30,122,172	129,027,013	326,083,663



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Financial risk management (continued)

4.d Liquidity risk (continued)

Financing arrangements:

The Enterprise had access to the following future undrawn borrowing facilities at the end of the reporting period:

	7 July 2024 Birr'000	7 July 2023 Birr'000
Undrawn borrowing facilities	-	-

4.e Capital management

The Enterprise's objectives when managing capital are to safeguard the Enterprise's ability to continue as a going concern and to maintain an optimal capital structure to reduce the cost of capital. The gearing ratios as at 7 July 2022 and 7 July 2021 were as follows:

	7 July 2024 Birr'000	7 July 2023 Birr'000
Debt (Note 16)	292,825,032	104,039,088
Less: cash and cash equivalents (Note 16)	(18,802,873)	(3,453,095)
Net debt (i)	274,022,159	100,585,993
Equity (ii)	473,140,881	562,481,017
Net debt to equity ratio	1:0.58	1:0.24

(i) Debt is defined as borrowings as detailed in Note 17

(ii) Equity comprises of capital, legal reserve, retained earnings, other reserves, and non-distributable reserves



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5	Revenue from contracts with customers				7-Jul-25 Birr'000	7-Jul-24 Birr'000
	Recognised over time:					
	Revenue from sale of bulk electric power	5(a)			72,678,880	27,040,679
	Revenue from other services	5(b)			31,290	96,678
					<u>72,710,170</u>	<u>27,137,357</u>
	Disaggregation of revenue from contracts with cu					
5(a)	Revenue from sale of bulk power					
		Hydro	Wind	Waste		Total
		Birr'000	Birr'000	Birr'000		Birr'000
	Electricity					
	For year ended 07 July 2025	70,710,645	1,968,235			72,678,880
	For year ended 07 July 2024	26,087,609	899,079	53,991		27,040,679
	Revenue from sale of bulk power per customer group				7-Jul-25 Birr'000	7-Jul-24 Birr'000
	Sale of Power to Ethiopian Electric Utility				27,941,909	17,595,548
	Sale of Power to Djibouti				3,669,921	1,975,624
	Sale of Power to Sudan				59,121	767,755
	Sale of Power to Kenya				10,454,531	3,632,565
	Data Center Customer				27,397,560	
	Sale of power to industrial customers				3,155,818	3,069,186
					<u>72,678,880</u>	<u>27,040,678</u>
5(b)	Revenue from other services					
	Construction income				27,384	56,565
	Operations and maintenance				3,907	40,112
	Consulting Service income					
					<u>31,290</u>	<u>96,677</u>
5(c)	Reconciliation of movement in contract liabilities arising from revenue from contracts with customers:					
	Beginning				451,244.70	431,943
	Recognised as revenue				(266,413)	
	Additions / (reversals) in the period					19,302
	Balance at the end of the year				<u>184,831</u>	<u>451,245</u>

The Enterprise has recognised impairment losses of Birr 16.848 B as at 07 July 2025 (2024: Birr 7509B) from financial assets arising from revenue from contracts with customers.



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6	Expenses by nature	7-Jul-25 Birr'000	7-Jul-24 Birr'000
6(a)	Direct costs		
	Materials and supplies	1,945,048	769,889
	Fuel and lubricant	175,832	146,415
	Employee benefit expense	3,532,639	2,889,359
	Insurance costs	363,200	231,630
	Travel and subsistence	384,400	197,955
	Publicity costs	628,521	204,899
	Miscellaneous costs	1,654,570	2,572,781
		<u>8,684,210</u>	<u>7,012,928</u>
6(b)	Operating expenses		
	Legal expense	58,076	471,428
	Contracted construction and related services	249,062	3,347
	Sundry expenses	131,431	106,264
	Advertising and publicity	22,064	-
	Consultation	3,329	19,345
	Board fee	640	507
	Audit fee	2,115	1,013
	License & Maintenance Costs	77,130	244
	Penalty Payment	84,806	65,921
	Loss of Asset sales	7,019	139
	Employee benefits expense	125,993	124,182
		<u>761,665</u>	<u>792,390</u>
7	Employee benefits expense	7-Jul-25 Birr'000	7-Jul-24 Birr'000
	The following items are included within employee		
	Short term employee benefits:		
	Salaries and wages	1,994,206	1,672,950
	Staff overtime and allowances	767,264	627,357
	Other staff benefits	131,816	137,304
	Staff medical cost	123,886	79,358
	Employee defined contribution expense	190,961	162,982
	Leave expense / (reversal)	100,872	60,643
	Staff bonus and incentives	305,237	192,297
		<u>3,614,242</u>	<u>2,932,891</u>
	Long term employee benefits:		
	Employee defined benefit expense	38,458	74,853
		<u>38,458</u>	<u>74,853</u>
		<u>3,652,700</u>	<u>3,007,744</u>



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10 Property, plant and equipment

Cost	Property, plant and equipment											Total			
	Hydroelectric power plants	Diesel power plants	Geothermal power plants	Wind power plants	Waste to energy power plants	Substations	Transmission Line	Switchyard	Land	Buildings	Office Equipment		Vehicles	WIP	
	Birr'000	Birr'000	Birr'000	Birr'000	Birr'000	Birr'000	Birr'000	Birr'000	Birr'000	Birr'000	Birr'000	Birr'000	Birr'000	Birr'000	
As at 8 July 2023	161,018,207	1,078,528	541,075	341,075	25,303,844	2,849,846	59,033,896	111,228,440	6,808,809	33,531,431	5,096,156	714,479	1,870,276	279,180,730	688,136,158
Additions	65,849				1,332,113		8,236,315				12,000	63,485	80,867	51,196,692	56,141,397
Transfer	130,897,272			3,663,412			6,427,175	3,386,330			12,196,386	944,447	53,620	(187,984,956)	(60,045)
Re-classifications											(758)		(20,373)	(60,045)	(211,80)
Asset classified as held for sale and/or disposal															
At 07 July 2024	311,939,318	1,078,528	541,075	29,057,256	2,849,846	68,612,324	117,653,614	12,951,119	33,531,431	17,416,143	1,721,654	2,265,840	145,332,421	744,396,580	
As at 8 July 2024	311,939,318	1,078,528	541,075	29,057,256	2,849,846	68,612,324	117,653,614	12,951,119	33,531,431	17,416,143	1,721,654	2,265,840	145,332,421	744,396,580	
Additions	109,847			3,984			1,397,039					34,093	375,957	96,161,636	98,574,556
Transfer	23,742,230			60,605			735,889	306,987	2,240,699		338,212	334,119	133,605	(30,094,375)	(703,808)
Re-classifications													(16,400)	(703,808)	(16,400)
Asset classified as held for sale and/or disposal															
At 7 July 2025	337,791,405	1,078,528	541,075	29,123,844	2,849,846	70,945,252	118,162,600	14,645,847	33,531,431	17,754,356	2,089,866	2,794,992	210,993,874	842,248,926	
Accumulated depreciation															
As at 8 July 2023	(20,901,400)	(248,924)	(88,148)	(4,232,182)	(226,221)	(10,428,921)	(1,897,687)	(1,202,851)		(6,935,886)	(281,043)	(659,288)	(659,288)	(52,808,004)	
Depreciations charge	(1,353,750)	(33,467)	(12,397)	(654,462)	(34,038)	(1,683,482)	(2,034,924)	(321,806)		(155,388)	(144,752)	(108,952)	(108,952)	(8,459,740)	
Re-classifications															
Asset classified as held for sale and/or disposal															
At 7 July 2024	(24,155,150)	(284,311)	(101,945)	(4,886,644)	(280,259)	(12,112,403)	(15,932,611)	(1,524,759)		(7,091,977)	(425,273)	(759,298)	(759,298)	(61,257,629)	
As at 8 July 2024	(24,155,150)	(284,311)	(101,945)	(4,886,644)	(280,259)	(12,112,403)	(15,932,611)	(1,524,759)		(7,091,977)	(425,273)	(759,298)	(759,298)	(61,257,629)	
Depreciations charge	(4,985,480)	(35,175)	(12,589)	(1,097,480)	(34,038)	(1,948,534)	(2,140,325)	(341,061)		(447,127)	(151,388)	(126,830)	(126,830)	(10,940,237)	
Re-classifications															
Asset classified as held for sale and/or disposal															
At 7 July 2025	(29,140,632)	(309,486)	(114,543)	(5,984,124)	(314,298)	(14,060,937)	(18,073,136)	(1,865,821)		(1,242,104)	(576,661)	(879,637)	(879,637)	(72,191,375)	
Net book value															
As at 7 July 2024	287,284,168	794,217	439,130	24,170,612	2,569,586	56,499,921	101,723,003	10,870,379	33,531,431	16,621,167	1,296,381	1,506,532	145,332,421	684,189,950	
As at 7 July 2025	308,653,773	759,042	426,533	23,539,720	2,535,548	56,874,315	100,089,464	12,770,017	33,531,431	16,512,252	1,313,225	1,879,354	210,993,874	770,057,551	



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11 Leases

i) Amounts recognised in the statement of financial position

The statement of financial position shows the following amounts relating to leases:

	7-Jul-25 Birr '000	7-Jul-24 Birr '000
Right of use assets		
Properties	30,285	26,585
Lease liability		
Current	10,034	9,236
Non-current	16,825	21,077
	<u>26,859</u>	<u>30,313</u>

ii) Right of use asset

	7-Jul-25 Birr '000	7-Jul-24 Birr '000
Balance at start of the year	26,585	37,030
Additions in the year	29,188	29,609
Lease terminations in the year	(352)	
	55,422	66,639
Depreciation expense	(25,137)	(40,054)
Balance at end of the year	<u>30,285</u>	<u>26,585</u>

Right-of-use asset is depreciated on a straight line basis over the term of the lease. The Enterprise applies IAS 36 - Impairment of assets on the Right-of-use asset the same way as in property, plant and equipment.

iii) Lease liability

	7-Jul-25	7-Jul-24
Balance at start of the year	30,313	34,568
Additions in the year	17,417	21,734
Lease terminations in the year		
Interest expense	3,031	1,524
	50,761	57,826
Repayments in the year	(23,902)	(27,512)
Balance at end of the year	<u>26,859</u>	<u>30,313</u>
Current	10,034	26,178
Non-current	16,825	8,390
	<u>26,859</u>	<u>34,568</u>

The lease liability represents the present value of expected future lease payments by the Enterprise to the Lessors. The discounting rate applied by the Enterprise is 10% p.a which is assumed to be a representative of the Enterprise's incremental borrowing rate. The leased assets assessed under this section are assumed to be a similar class and hence application of a standard incremental borrowing rate.

iv) Amounts recognised in the statement of profit or loss

The statement of profit or loss shows the following amounts relating to leases:

	7-Jul-25 Birr '000	7-Jul-24 Birr '000
Depreciation charge right-of-use assets	25,137	40,054
Interest expense (included in finance costs)	3,031	1,524
	<u>28,168</u>	<u>41,578</u>

v) Amounts recognised in the statements of cash flows

Payment for right of use asset		(7,875)
Cash generated from operations - Interest paid	(3,031)	(1,524)
Cash generated from financing activities - lease payments	(20,871)	(25,988)



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12 Inventory	7-Jul-25 Birr'000	7-Jul-24 Birr'000
Inventories	2,206,051	1,889,621
	<u>2,206,051</u>	<u>1,889,621</u>
Inventory items consist of the following:		
Fuel and lubricants	53,527	55,991
Machinery consumable spares	2,016,441	1,726,760
General consumables	136,083	106,870
	<u>2,206,051</u>	<u>1,889,621</u>
Provision for obsolescence		
	<u>2,206,051</u>	<u>1,889,621</u>

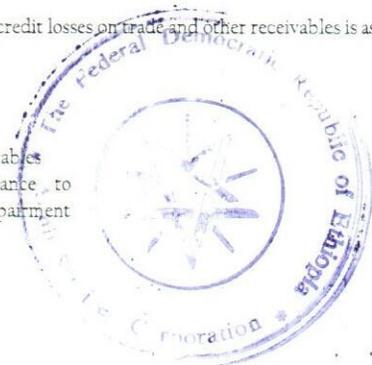
The costs of individual items of inventory are determined using weighted average cost. See Note 2.n for the Enterprise's Inventories recognised as an expense during the year ended 7 July 2025 amounted to Birr 1,753,276 (2024 - Birr 916,304). These were included in direct costs.

13(a) Trade and other receivables	7-Jul-25 Birr'000	7-Jul-24 Birr'000
Financial assets at amortised cost		
Trade receivables	32,318,080	12,115,122
Other receivables		
Staff receivables	8,054	6,961
	<u>32,326,134</u>	<u>12,122,083</u>
Less: Expected credit losses	(16,912,967)	(7,509,959)
	<u>15,413,167</u>	<u>4,612,124</u>
Other receivables		
Property, plant and equipment advance payment	12,039,296	14,196,450
Prepayments	6,376,300	1,715,189
Taxes receivables	156,174	38,270
Sundry debtors	31,632	30,129
	<u>18,603,402</u>	<u>15,980,038</u>
	<u>34,016,569</u>	<u>20,592,162</u>

Movements on expected credit losses on trade and other receivables is as follows:

	7-Jul-25 Birr'000	7-Jul-24 Birr'000
At start of year	19,985,292	19,135,290
Impairment of trade receivables	9,403,008	1,144,602
Derecognition of Advance to		(294,600)
Reversal of previous impairment		
	<u>29,388,300</u>	<u>19,985,292</u>
Trade receivables from:	7-Jul-25 Birr'000	7-Jul-24 Birr'000
Ethiopian Electric Utility	8,077,494	2,774,259
National Electricity Corporation of The Sudan	11,769,990	5,160,443
Electricite de Djibouti	1,924,304	850,573
Ethiopian Railway Corporation and Industrial customers	1,672,180	2,534,755
Electric Kenya	1,940,283	802,653
Data center customer	5,702,338	

The property, plant and equipment advance payment and other prepayments are not subject to credit risk by nature. Management has assessed the loss given default for tax receivables and sundry debtors is deemed to be low and consequently the expected credit losses as immaterial.



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	7-Jul-25 Birr '000	7-Jul-24 Birr '000
14 Intangible assets		
Opening Balance	645,613	368,218
Addition	45,253	226,379
Transfer		60,045
Amortisation	(13,273)	(9,029)
Closing Balance	<u>677,593</u>	<u>645,613</u>

The Enterprise incurred development costs for externally contracted Software license, IT Application development and Implementation (RDMS) and ERP application developments.

	7-Jul-25 Birr '000	7-Jul-24 Birr '000
Intangible assets		
Abaye ERP project	362,309	317,056
IT Application Dev.& Imple	231,901	231,901
Software license	83,383	96,655
	<u>677,593</u>	<u>645,613</u>

	7-Jul-25 Birr '000	7-Jul-24 Birr '000
15 Asset classified as held for sale and other disposal		
Asset classified as held for sale and other disposal	(9,909)	(10,114)
	<u>(9,909)</u>	<u>(10,114)</u>

During the year, the management of the Enterprise decided to sell a total of 16 vehicles. There were several interested parties, and the Enterprise successfully sold all 16 vehicles and office equipment. The Enterprise had a total loss of 3,299,798. The proceeds of disposals are substantially less than the carrying amount of the related net assets. Accordingly, impairment losses have been recognised on the classification of these vehicles as held for sale and other disposal.

	7-Jul-25 Birr'000	7-Jul-24 Birr'000
16 Cash and cash equivalents		
Cash at bank	18,809,981	3,454,612
Cash in hand		
Expected credit losses	(7,108)	(1,517)
	<u>18,802,873</u>	<u>3,453,095</u>

Movements on expected credit losses on cash and cash equivalents are as follows:

	7-Jul-25 Birr'000	7-Jul-24 Birr'000
At start of year	1,517	3,701
Impairment losses for the year	5,591	(2,184)
Reversals of previous impairment		
	<u>7,108</u>	<u>1,517</u>



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17 Borrowings

		7-Jul-25 Birr'000	7-Jul-24 Birr'000
Non Current			
Other promissory notes payables	Note 17 (a)	4,989,593	2,205,211
Long term loans	Note 17 (b)	183,079,477	71,143,605
Total non current borrowings		188,069,070	73,348,816
Current			
Other promissory notes payables	Note 17 (a)	41,204	18,328
Long term loans	Note 17 (b)	104,691,290	30,645,021
Total current borrowings		104,732,493	30,663,349
Total borrowings		292,801,563	104,012,165

17 (a) Other bonds

		7-Jul-25 Birr'000	7-Jul-24 Birr'000
Other bonds			
EEPCo. Millenium Bond		39,642	18,827
Grand Ethiopian Renaissance Dam Bond -USD Account		4,485,161	2,002,277
Grand Ethiopian Renaissance Dam Bond- EURO Account		373,405	145,306
Grand Ethiopian Renaissance Dam Bond - GBP Account		127,678	54,074
Grand Ethiopian Renaissance Dam Bond - ETB Account		4,200	3,056
Total other bonds		5,030,085	2,223,539
Balance at the beginning of the year		2,223,539	2,177,169
Bonds issues in the period		72,529	16,701
Interest charged for the period			
Principal repayments		(148,713)	(74,855)
Interest repayments			
Foreign exchange differences		2,883,442	104,524
Total other bonds		5,030,797	2,223,539

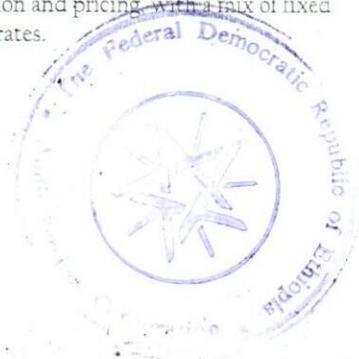
The other bonds arise from financing agreements with various vendors for the Enterprise's construction of dams proj

17 (b) Long term Loans

		7-Jul-25 Birr'000	7-Jul-24 Birr'000
Foreign lending institutions and development agencies		287,770,767	101,788,626

The Enterprise obtains several long term financing from foreign lending institutions and development agencies. These funds are secured and channelled via the Ministry of Finance. All correspondence and loan covenants are performed through the Ministry of Finance and the entity does not directly deal with any of the foreign lending institutions and development agencies. There are varied terms of the loan duration and pricing, with a mix of fixed interest rate and floating interest rates based on the current LIBOR EURIBOR rates.

The movements of the borrowings is as below:



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	7-Jul-25 Birr'000	7-Jul-24 Birr'000
Balance at the beginning of the year	101,788,626	95,025,785
Additional loan disbursements acquired in the year	55,492,602	756,796
Interest transfer to Principal	(504,162)	1,197,349
Interest charged for the period	13,390,468	3,718,605
Principal repayments made during the year	(2,048,607)	(1,980,051)
Interest repayments made during the year	(2,680,773)	(2,039,064)
Foreign exchange differences	148,925,497	5,109,206
Grant adjustment		
Loans cancelled/assumed by Government	(26,592,885)	
Balance at the end of the year	<u>287,770,767</u>	<u>101,788,626</u>

Under the terms of the loan facilities, the entity has

17(c) Borrowing costs capitalised in capital work in progress

	7-Jul-25 Birr'000	7-Jul-24 Birr'000
Interest capitalized in capital work in progress for the	13,733,665	11,895,943

17(d) Net debt reconciliation

An analysis of net debt and the movements in net debt for each of the periods is as presented below :

	Borrowings Birr'000	Leases Birr'000	Total Birr'000
Net debt as at 8 July 2023	334,375,220	31,178	334,406,398
Net cash outflows	(260,960,450)	(4,255)	(260,964,705)
Foreign exchange adjustments	5,213,730		5,213,730
Other changes (effective interest and other finance charges)	25,383,665		25,383,665
Net debt as at 7 July 2024	104,012,165	26,923	104,039,088
Net debt as at 08 July 2024	104,012,165	26,923	104,039,088
Net cash outflows	50,182,875	(3,454)	50,179,421
Foreign exchange adjustments	151,808,939		151,808,939
Other changes (effective interest and other finance charges)	(13,202,416)		(13,202,416)
Net debt as at 7 July 2025	292,801,563	23,469	292,825,032



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18 Defined benefit liability

	7-Jul-25 Birr'000	7-Jul-24 Birr'000
Defined benefits liabilities:		
- Severance pay (note 18a)	97,338	55,703
- Free electricity liability (note 18b)	51,300	25,253
Liability in the statement of financial position	<u>148,638</u>	<u>80,955</u>
Income statement charge included in personnel expenses:		
- Severance pay (note 18a)	25,340	21,368
- Free electricity liability (note 18b)	7,774	7,508
Total defined benefit expenses	<u>33,114</u>	<u>28,876</u>
Remeasurements for:		
- Severance pay (note 18a)	18,846	(13,660)
- Free electricity liability (note 18b)	26,048	(4,128)
	<u>44,893</u>	<u>(17,789)</u>
Benefit payments		
- Severance pay (note 18a)	(2,551)	(1,539)
- Free electricity liability (note 18b)	(2,551)	(1,539)
	<u>(2,551)</u>	<u>(1,539)</u>

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

Maturity analysis

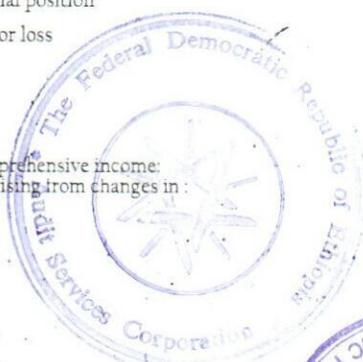
	7-Jul-25 Birr'000	7-Jul-24 Birr'000
Current	41,182	27,320
Non-Current	107,456	53,635
	<u>148,638</u>	<u>80,955</u>

18(a) Severance pay

The Enterprise operates an unfunded severance pay plan for its employees who have served the Enterprise for 5 years and above and are below the retirement age (i.e. has not met the requirement to access the pension fund). 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.

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

	7-Jul-25 Birr'000	7-Jul-24 Birr'000
A Liability recognised in the financial position	97,338	55,703
B Amount recognised in the profit or loss		
Current service cost	9,167	8,670
Interest cost	16,173	12,698
	<u>25,340</u>	<u>21,368</u>
C Amount recognised in other comprehensive income:		
Remeasurement (gains) losses arising from changes in:		
- demographic assumptions	27,082	(8,214)
- financial assumptions	(8,236)	(5,447)
- experience	18,846	(13,660)
	<u>18,846</u>	<u>(13,660)</u>



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The movement in the severance pay benefit obligation over the years is as follows:

	7-Jul-25 Birr'000	7-Jul-24 Birr'000
At the beginning of the year	61,872	49,534
Current service cost	9,167	8,670
Interest cost	16,173	12,698
Remeasurement (gains)/ losses	18,846	(13,660)
Benefits paid	(2,551)	(1,539)
At the end of the year	103,506	55,703

Actuarial assumptions were as follows:

- i) Financial Assumption Long term Average
Discount Rate (p.a) 21% 22%
Salary Increase Rate (p.a) 20% 20%

- ii) Mortality in Service

The rate of pre-retirement mortality assumed for employees are those according to the British A67/70 mortality table published by the Institute of Actuaries of England.

- C Defined benefit obligations

- iii) Withdrawal from Service

The withdrawal rates are believed to be reasonably representative of the Ethiopian experience. The valuation assumed a rate of withdrawal of 4% at the youngest ages falling with increasing age to 10% at age 57.

The sensitivity of the overall defined benefit liability to changes in the weighted principal assumption is:

	Change in assumption	7-Jul-25 Impact of an increase Birr'000	Impact of a decrease	7-Jul-24 Impact of an increase Birr'000	Impact of a decrease Birr'000
Salary growth rate	1%	4,574.81	(4,176.62)	2,186.39	(1,892.14)
Gross discount rate	1%	4,174.75	(3,875.57)	(2,010.17)	2,028.62

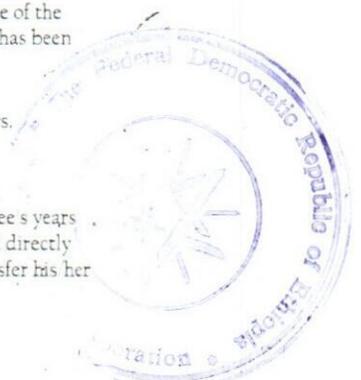
The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial 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 severance pay 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.

18 b Free Electricity Benefit

Retired employees are entitled to free power supply of between 132 kWh and 264 kWh depending on the retiree's years in service if they have met the following requirements: (i) served the Enterprise for 10 years or more, (ii) retired directly after working with EEP, and (iii) not dismissed due to disciplinary issues. It is forbidden for any retiree to transfer his/her right for free electricity. Also, the supply of free electricity is terminated when the retiree becomes deceased.

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



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	7-Jul-25 Birr'000	7-Jul-24 Birr'000
A Liability recognised in the financial position	51,300	25,253
B Amount recognised in the profit or loss		
Current service cost	690	1,027
Interest cost	7,085	6,482
	7,774	7,508
C Amount recognised in other comprehensive income:		
Remeasurement (gains)/losses arising from changes in demographic assumptions		
Remeasurement (gains)/losses arising from changes in the financial assumptions	22,878	(7,505)
Remeasurement (gains)/losses arising from experience	(4,605)	(4,131)
	18,273	(11,635)

The movement in the funeral assistance and survivor benefit obligation over the years is as follows:

	7-Jul-25 Birr'000	7-Jul-24 Birr'000
At the beginning of the year	14,785	18,913
Current service cost	690	1,027
Interest cost	7,085	6,482
Remeasurement (gains)/losses	18,273	(11,636)
Benefits paid		
At the end of the year	40,832	14,785

The significant actuarial assumptions were as follows:

i) <u>Financial Assumption Long term Average</u>		
Discount Rate (p.a)	21%	22%
Tariff Increase Rate (p.a)	5%	0%
ii) <u>Mortality in Service</u>		

The rate of pre-retirement mortality assumed for active employees are those according to the British A67/70 mortality table published by the Institute of Actuaries of England. The rate of post-retirement mortality for pensioners is PA(90) table.

iii) Withdrawal from Service

The withdrawal rates are believed to be reasonably representative of the Ethiopian experience. The valuation assumed a rate of withdrawal of 4% at the youngest ages falling with increasing age to 10% at age 57.

The sensitivity of the funeral assistance and survivor benefit liability to changes in the weighted principal assumption is

Change in assumption		7-Jul-25		7-Jul-24	
		Impact of an increase Birr'000	Impact of a decrease Birr'000	Impact of an increase Birr'000	Impact of a decrease Birr'000
Salary growth rate	1%	3,594	(3,258)	15,447	8,117
Gross discount rate	1%	(2,940)	3,308	(1,425)	1,581

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 funeral assistance and survivor benefit liability recognised within the statement of financial position.



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19 Trade and other payables	7-Jul-25 Birr'000	7-Jul-24 Birr'000
Trade payables		
Project Accruals	31,298,541	22,905,390
Trade payables	1,769,138	1,835,510
	<u>33,067,679</u>	<u>24,740,900</u>
Other payables		
Contractor retention	12,397,651	6,297,751
Consumer deposits	214,466	253,679
Taxes payable	1,422,814	149,766
Bonus accrual	305,497	231,119
Leave accrual	335,091	247,556
Sundry creditors	819,203	888,586
Staff payables	28,607	47
Free electricity accrual	52,482	
Other accruals	314,046	225,860
	<u>15,889,857</u>	<u>8,294,364</u>
	<u>48,957,536</u>	<u>33,035,264</u>



Contract retention relates amounts withheld by the Enterprise from contractors.

20 Contract liabilities	7-Jul-25 Birr'000	7-Jul-24 Birr'000
Deferred revenue	184,831	80,360
Customer contribution		2,237
	<u>184,831</u>	<u>82,597</u>

21 Provisions

A reconciliation of the changes in provisions is as follows:

	7-Jul-25 Birr'000	7-Jul-24 Birr'000
Provision for legal claims	502,343	485,221
Provision for lease restoration costs		69
	<u>502,343</u>	<u>485,290</u>
Maturity		
Current	502,343	485,221
Non-Current		69
	<u>502,343</u>	<u>485,290</u>
	<u>Birr'000</u>	<u>Birr'000</u>
Movement in provisions:		
Balance at start of the year	485,290	248,564
Provision in the year	17,053	236,726
	<u>502,343</u>	<u>485,290</u>



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22 Capital

Ethiopian Electric Power is wholly owned by the Government of the Federal Democratic Republic of Ethiopia. The Enterprise is established by the council of ministers regulation No.302 2013 with authorized and paid-up capital. As per Public Enterprises Law Proclamation No. 1314/2024 paragraph 24, A supervising authority may recommend to the Council of Ministers the funds needed to increase the capital of a State-owned enterprise under its portfolio to be allocated by the Government or to be paid out of the net profits of the State-owned enterprise. The authorized capital of the enterprises is 1.3 trillion

The Enterprise has cancelled loans for business use from the Government of the Federal Democratic Republic of Ethiopia, which is also the sole owner of the Enterprise. Such cancelled loans is recognised as both an asset and capital contribution at fair value. Additionally, the Government assumed cancelled loans from the Enterprise in the year as below;

	7-Jul-25 Birr'000	7-Jul-24 Birr'000
Paid up capital at start of the year	586,864,060	319,246,063
Capital contribution arising from cancelled loans to capital	26,592,885	263,337,326
Additional capital	6,191,636	4,280,672
	<u>32,784,521</u>	<u>267,617,998</u>
At the end of the year	<u>619,648,582</u>	<u>586,864,061</u>

23 Legal reserve

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. The Enterprise made a loss in the period under review, thus legal reserve transfer has not been made.

24 Other reserves

Other reserves relate to actuarial remeasurement (gains)/losses arising from changes in demographic assumptions, financial assumptions and actuarial experience on post employment benefits.

	7-Jul-25 Birr'000	7-Jul-24 Birr'000
At the beginning of the year	20,859	38,648
Remeasurement gain/(loss) on post employment benefits	44,893	(17,789)
At the end of the year	<u>65,753</u>	<u>20,859</u>

25 Non-distributable reserve

Non-distributable reserve includes first time IFRS adoption adjustments which are not distributable as dividends in compliance with guidance issued by Accounting and Auditing Board of Ethiopia dated 30th October 2019.

	7-Jul-25 Birr'000	7-Jul-24 Birr'000
At the beginning of the year	162,767,839	162,767,839
Write back (down) of differences on property, plant and equipment carrying values	<u>162,767,839</u>	<u>162,767,839</u>
At the end of the year	<u>162,767,839</u>	<u>162,767,839</u>



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	7-Jul-25 Birr'000	7-Jul-24 Birr'000
26 Grants		
At the beginning of the year	9,538,425	3,454,812
Addition	490,412	6,084,582
Amortization	(367)	(969)
At the end of the year	10,028,270	9,538,425
Current		
Non-Current	10,028,270	9,538,425
	10,028,270	9,538,425

26(a) Grants from individuals and corporates

	7-Jul-25 Birr'000	7-Jul-24 Birr'000
Grants from individuals and corporates	10,028,270	9,538,425

These are grant contributions from individuals and corporate entities towards the completion of the Grand Ethiopian Renaissance Dam (GERD). These grants are not refundable and shall be recognised as grant income upon the completion of the projects.

	Notes	7-Jul-25 Birr'000	7-Jul-24 Birr'000
27 (a) Cash generated from operating activities			
Profit / (loss) for the period		(122,079,764)	(10,147,553)
Adjustments:			
Depreciation of property, plant and equipment	10	10,940,237	8,459,740
Depreciation charge of right of use asset	11	25,137	40,054
Interest expense on borrowings		7,604,022	13,489,665
Interest expense on leases		3,031	1,524
Interest expense on lease restoration			
Net foreign exchange (gains)/ losses		290,514,545	8,947,500
Impairment of trade receivables	13	9,403,008	1,144,602
Reversal of impairment of trade receivables	13		
Impairment of cash and cash equivalents	16	5,591	(2,184)
Reversal of impairment of cash and cash equivalents	16		
Amortisation of grants		(367)	(969)
Changes in working capital:			
-Decrease/ (Increase) in inventories		(316,430)	(153,017)
-Decrease/ (Increase) in trade and other receivables		(22,827,414)	9,108,178
-Increase/ (Decrease) in employee benefit obligations		67,682	42,594
-Increase/ (Decrease) in contract liabilities		102,234	19,302
-Increase/ (Decrease) in grants		490,412	2,017,274
-Increase/ (Decrease) in provisions		17,053	(364,249)
-Increase/ (Decrease) in trade and other payables		15,922,272	(431,683)
		189,871,050	32,170,777

27 (b) Cash generated from operating activities

	7-Jul-25 Birr'000	7-Jul-24 Birr'000
Non-cash investing and financing activities disclosed in other notes are:		
Interest capitalized in capital work in progress for the year (Note 17)	13,733,665	11,895,943
Capital contribution arising from cancelled loan to capital (Note 22)	6,191,636	4,280,672
Acquisition of property, plant and equipment through borrowings (Note 17)	55,492,602	756,796
	75,417,904	16,933,411



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28 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.

In the normal course of business, a number of transactions are entered into with related parties, i.e., staff, management board members, their associates, and companies associated with management board members. These include loans, deposits, and foreign currency transactions. Loans and advances to customers include loans and advances to staff and to companies associated with management board members. During the fiscal year, the Company engaged in various transactions with its related parties.

28 a subsidiaries

Company Name	Sales Birr ('000)	Accounts Receivable (Birr'000)	Total Loan Outstanding Balance (Birr'000)	Deposits (Birr'000)
Ethiopian Electric Utility (E	27,941,909	8,077,494		
Ethiopian Railway Corporat	281,798	1,262,317		
Ethio Telecom	451,731	519,490		
Ethiopian Air Lins Group	109,419	110,972		
Chemical Industry Corporation Mughher Cement Factory	137,604	156,773		
Commercial Bank of Ethiopia (CBE)			(52,490,589)	17,341,990

Transactions include sales of goods/services, loans, and payables/receivables. All transactions were carried out at arm's length, with terms comparable to those with third parties. Amounts are as of the reporting date and are in local currency (Ethiopian Birr). The 'Total Loan Outstanding Balance' reflects loans to or from subsidiaries or related parties, if applicable (none specified here).



