CONSOLIDATED FINANCIAL STATEMENTS

AT 31 DECEMBER 2020

www.ocpgroup.ma

Contents

Key figures

(In millions of dirhams)	*Note*	*FY 2020*	*FY 2019*
Revenue	4.1.1.2	**56,182**	**54,092**
Profit (loss) from joint ventures	6.2	342	360
EBITDA		**18,657**	**15,333**
Operating profit (loss) before exceptional items		10,461	7,866
Cost of net financial debt	10.1.5	(2,170)	(1,511)
Net profit (loss) - Group share		**3,231**	**2,843**
Consolidated equity - Group share		76,143	77,191
Net financial debt		52,324	45,499
Net operating investments		(9,566)	13,964
Basic and diluted earnings per share (in dirhams)	12.3	**34.34**	**29.56**
Dividend per share (in dirhams)	12.2	**54.30**	**40.73**

Significant events of the period

OCP contribution to the fight against the Covid-19 pandemic

In order to alleviate the impact of the coronavirus on the national economy, Morocco has decreed, following Royal instructions, the establishment of a special fund to face the Covid-19 pandemic. In a sense of patriotism and solidarity approach and as a leading national player, OCP Group has granted MAD 3 billion to this fund, thus strengthening the common citizen effort of a number of companies and other contributors. .

Covid-19 : The Group's strategy to face the global crisis

Since the beginning of 2020, OCP has operated at a normal rate, despite the health emergency measures linked to Covid-19.

Indeed, OCP continues to serve its customers on the national and international markets as part of a Business Continuity Plan, which allows the maintenance of mining and chemical production operations at all its sites, at the usual rate, while guaranteeing the safety and health of employees.

At the logistics level, OCP maintains normal loading and unloading activity, in coordination with the port authorities, and relying in particular on new technologies, to ensure continuity.

Being highly strategic in the global food security chain, the Group's business sector, has been spared by the various health provisions linked to the Covid-19 pandemic and the economic consequences which flow from it internationally.

Since the onset of the crisis, many governments have recognized fertilizers as an «essential» product or industry, implementing the policies necessary to ensure that the fertilizer supply chain can continue to function properly.

MOSAIC Company's allegation

On June 26, 2020, The Mosaic Company ("**Mosaic**"), an OCP competitor on the American market, filed a petition with the United States Department of Commerce ("**Commerce**") and the United States International Trade Commission ("**ITC**"), alleging that imports of phosphate fertilizers from Morocco and Russia have been unfairly subsidized and are causing or threatening to cause material injury to the U.S. domestic industry, including Mosaic.

On July 16, 2020, Commerce decided to initiate an investigation. Following the various phases of the investigation, the DOC issued its final determination on February 9, 2021 on the existence of countervailable subsidies and the application of countervailing duties set at a rate of 19.97 % ad valorem. The ITC also rendered a determination on March 11, 2021 on the existence of injury by reason of imports from Morocco and Russia. The final countervailing duty order is expected to be published towards the end of March, which will be followed by the ITC's release of the public version of the ITC's reasoning by April 13, 2021 at the latest.

Events after the reporting period

As previously mentioned in the highlights of the Mosaic Company's allegation, the ITC's decision fixing the countervailing duty to 19.97 % is the main event after the reporting period.

Consolidated Statement of Profit and Loss

(In millions of dirhams)	*Note*	*FY 2020*	*FY 2019*
Revenue	4.1.1.2	56,182	54,092
Production held as inventory		(1,633)	1,901
Purchases consumed	4.2.2	(18,123)	(21,768)
External expenses	4.2.2	(8,224)	(9,738)
Personnel expenses	5.1	(9,099)	(9,213)
Taxes		(306)	(319)
Profit (loss) from joint ventures	6.2	342	360
Exchange gains and losses on operating receivables and payables		(435)	(68)
Other operating income and expenses		(48)	86
EBITDA		**18,657**	**15,333**
Amortization, depreciation and operating provisions	8.4 - 9.2	(8,196)	(7,467)
Operating profit (loss) before exceptional items		**10,461**	**7,866**
Other non-recurring operating income and expenses	7.2	(4,199)	(1,504)
Operating profit (loss)		**6,262**	**6,362**
Cost of gross financial debt		(2,437)	(1,988)
Financial income from cash investments		266	477
Cost of net financial debt	**10.1.5**	**(2,171)**	**(1,511)**
Exchange gains and losses on financial receivables and payables	10.2.3	654	50
Other financial income and expenses	10.2.3	(449)	(161)
Financial profit (loss)		**(1,966)**	**(1,622)**
Profit (loss) before tax		**4,295**	**4,741**
Corporate Income Tax	11.2 - 11.3	(904)	(1,725)
Net profit (loss) for the period		**3,391**	**3,016**
Net profit (loss) - Group share		3,231	2,843
Net profit (loss) - Non-controlling interests		160	173
Basic and diluted earnings per share in dirhams	**12.3**	**34.34**	**29.56**

Consolidated Statement of Comprehensive Income

(In millions of dirhams)	*FY 2020*	*FY 2019*
Net profit (loss) for the period	**3,391**	**3,016**
Actuarial gains or losses	(301)	(711)
Taxes	61	143
Items that will not be reclassified to profit or loss	**(239)**	**(568)**
Translation differences	(128)	(37)
Share of gains and losses recognized in equity for equity-accounted (CFH variation)*	1,474	(55)
Taxes	(336)	12
Share of gains and losses recognized in equity on joint ventures		
Items that may be reclassified to profit or loss	**1,010**	**(80)**
Income and expenses for the period, recognized directly in equity	**771**	**(647)**
Consolidated comprehensive income	**4,162**	**2,368**
Including Group share	*4,002*	*2,195*
Including non-controlling interests' share	*160*	*173*

(*) Changes in fair value of cash flow hedges are recognized in equity for the effective portion of the hedge. Accumulated gains and losses in equity are reported in the income statement when the hedged cash flow impacts the the incomes.

Consolidated Statement of Financial Position

(In millions of dirhams)	*Note*	*31 December 2020*	*31 December 2019*
ASSETS			
Current assets			
Cash and cash equivalents	10.1.3.1	6,428	13,487
Cash financial assets		7	573
Inventories	4.2.4	13,552	14,996
Trade receivables	4.1.2.2	8,657	8,142
Other current assets	7.2	17,689	15,124
Total current assets		**46,333**	**52,323**
Non-current assets			
Non-current financial assets	10.2.2	1,119	1,021
Investments in equity-accounted companies	6.1	5,286	3,882
Deferred tax assets	11.4	620	79
Property, plant and equipment	8.2	109,493	108,464
Intangible assets	8.3	2,476	1,095
Total non-current assets		**118,994**	**114,542**
Total Assets		**165,326**	**166,864**

(In millions of dirhams)	Note	31 December 2020	31 December 2019
LIABILITIES			
Current liabilities			
Current loans and financial debts	10.1.2.1 / 10.1.2.2	11,795	7,267
Current provisions	9.3	448	353
Trade payables	4.2.5	15,332	15,010
Other current liabilities	7.4	5,661	6,383
Total current liabilities		**33,236**	**29,014**
Non-current liabilities			
Non-current loans and financial debts	10.1.2.1 / 10.1.2.2	46,964	52,292
Non-current provisions for employee benefits	9.3	5,646	5,380
Other non-current provisions	9.3	591	519
Deferred tax liabilities	11.4	1,295	1,031
Other non-current liabilities		3	
Total non-current liabilities		**54,500**	**59,223**
Equity - Group share			
Issued capital	12.1	8,288	8,288
Paid-in capital		18,698	18,698
Consolidated reserves - Group share		45,927	47,364
Net profit (loss) - Group share		3,231	2,842
Equity - Group share		**76,143**	**77,191**
Non-controlling interests		1,447	1,436
Total equity		**77,591**	**78,627**
Total liabilities and equity		**165,326**	**166,864**

Consolidated Statement of Changes in Equity

(In millions of dirhams)	*Issued capital*	*Paid-in capital*	*Actuarial gains or losses* [(1)]	*Hybrid securities* [(2)]	*Other consolidated reserves*
Equity as at 1st January 2019	**8,288**	**18,698**	**(2,676)**	**9,489**	**40,570**
Allocation of profit (loss) for FY 2019					5,425
Consolidated comprehensive income for FY 2019			**(568)**		
Subordinated debt's coupons				(414)	
Change in scope					
Dividends paid					(3,346)
Others					(31)
Equity as at 31 December 2019	**8,288**	**18,698**	**(3,244)**	**9,075**	**42,618**
Equity as at 1st January 2020	**8,288**	**18,698**	**(3,244)**	**9,075**	**42,618**
Allocation of profit (loss) for FY 2020					2,843
Consolidated comprehensive income for FY 2020			**(239)**		
Subordinated debt's coupons				**(410)**	
Change in scope					
Dividends paid					(4,461)
Others					(180)
Equity as at 31 December 2020	**8,288**	**18,698**	**(3,484)**	**8,665**	**40,820**

(1) Defined benefit plans are subject to a provision, determined on the basis of an actuarial valuation of the commitment using the projected unit credit method and taking into account demographic and financial assumptions. Actuarial assumptions are reviewed on an annual basis. Differences related to changes in actuarial assumptions and experience-related adjustments are actuarial gains and losses recorded in non-recyclable equity in accordance with the provisions of IAS 19R.

(2) OCP SA closed two-MAD 5 billion perpetual subordinated bonds issued respectively in 2024 and 2025 with early repayment and deferred payment options. Given the characteristics of these hybrid bonds, their accounting entries are recognized in equity under IFRS9.

Translation difference	*Financial assets at fair value by OCI* (3)	*Share of gains and losses recognized in equity (CFH variation)* (4)	*Net profit (loss)*	*Total equity - Group share*	*Non-controlling interests* (5)	*Total equity*
(236)	**(521)**	**(250)**	**5,425**	**78,787**	**1,430**	**80,218**
			(5,425)			
(37)		**(43)**	**2,843**	**2,195**	**173**	**2,368**
				(414)		(414)
				(3,346)	(170)	(3,516)
				(31)	2	(29)
(273)	**(521)**	**(293)**	**2,843**	**77,191**	**1,436**	**78,627**
(273)	**(521)**	**(293)**	**2,843**	**77,191**	**1,436**	**78,627**
			(2,843)			
(128)		**1,139**	**3,231**	**4,002**	**160**	**4,162**
				(410)		**(410)**
				(4,461)	(170)	(4,631)
				(180)	22	(158)
(401)	**(521)**	**846**	**3,231**	**76,143**	**1,447**	**77,591**

(3) It represents the depreciation of the Group's investment in Heringer.

(4) The Group sets up a foreign currency cash-flow hedge in accordance with IAS 39, The hedging strategy results in recognition in OCI (Other Comprehensive Income), for the effective part, of the currency effect on the debt until maturity respectively in 2024 and 2025.

(5) This represents interests of minority shareholders in the JFCV subsidiary's equity.

Consolidated Statement of Cash Flows

(In millions of dirhams)	*Note*	*31 december 2020*	*31 december 2019*
EBITDA		**18,657**	**15,333**
Subsidies and donations [1]		(3,963)	(1,140)
Other non-current operating income and expenses		(68)	(51)
Other non-current operating income and expenses- prior period		(23)	(91)
Profit or loss of associates and joint ventures		(342)	(360)
Other movements		(895)	(652)
Funds from operations		**13,366**	**13,039**
Impact of the change in WRC:		**(2,287)**	**248**
Inventories		*1,324*	*(1,777)*
Trade receivables		*(546)*	*2,142*
Trade payables		*(38)*	*1,506*
Other current assets and liabilities		*(3,027)*	*(1,622)*
Taxes paid		(1,288)	(1,291)
Total net cash flows related to operating activities		**9,791**	**11,996**
Acquisitions of PP&E and intangible assets		(9,566)	(13,964)
Disposals of PP&E and intangible assets		174	29
Net financial investments		(58)	5,032
Impact of changes in scope [2]		(947)	
Acquisitions of financial assets		(32)	(373)
Disposal of financial assets		3	
Dividends received		158	285
Total net cash flows related to investing activities		**(10,269)**	**(8,990)**
Loan issue	10.1.4	7,750	6,228
Loan repayement		(6,689)	(6,765)
Hybrid securities coupons		(410)	(414)
Net financial interest payments		(2,550)	(2,199)
Dividends paid to Group shareholders	12.2	(4,461)	(3,346)
Dividends paid to minority shareholders		(170)	(170)
Total net cash flows related to financing activities		**(6,530)**	**(6,666)**
Impact of changes in exchange rates on cash and cash equivalents		(44)	(3)
Net increase/(decrease) in cash and cash equivalents		**(7,051)**	**(3,663)**
Opening cash and cash equivalents	10.1.3.1	13,477	17,140
Closing cash and cash equivalents	10.1.3.1	6,425	13,477
Change in net cash		**(7,051)**	**(3,663)**

[1] In the first quarter 2020, OCP Group donated 3 billion dirhams to the Fund against Covid-19. In order to support the State in its efforts to combat the spread of Coronavirus, and its consequences on the national economy.

[2] MHC (Maghreb Hospitality Company) is a joint-venture created by OCP and Fonds Hassan II for economic and social development, as national center serving the development of hotel industry in Morocco.

Note 1 - Accounting rules and methods

1.1. BASES FOR THE PREPARATION OF THE FINANCIAL STATEMENTS

In accordance with Opinion No. 5 of the Conseil National de la Comptabilité (CNC National Accounting Council) of 26 May 2005, and in compliance with the provisions of Article III, paragraph 2 of the circular of the «Autorité Marocaine du Marché des Capitaux -AMMC» entered into force on 1st April 2012, the consolidated financial statements of OCP Group are prepared in accordance with the standards and interpretations drawn up by the International Accounting Standards Board (IASB) and the IFRS Interpretation Committee respectively, and adopted by the European Union.The reporting currency for the consolidated financial statements is the Moroccan dirham.

The consolidated financial statements of OCP Group on 31 December 2020 were approved by the Board of Directors on 17 March 2021.

The accounting principles and methods adopted for the preparation of the consolidated accounts of Group OCP as at 31 December 2020 are identical to those used for the preparation of the consolidated financial statements for the year ended 31 December 2019, with the exception of the evolution of the consolidated financial statements described hereafter, and the standards, amendments and interpretations adopted by the European Union applicable as from 1 January 2020 (and which had not been applied in advance by the Group).

1.2. STANDARDS AND INTERPRETATIONS APPLIED AT 1ST JANUARY 2020

The standards which are mandatorily applicable from 1st January 2020 have no material impact on OCP's consolidated financial statements at 31 December 2020. These are mainly:

- Definition of a Business (Amendments to IFRS 3): amendments narrowed and clarified the definition of a business. They also permit a simplified assessment of whether an acquired set of activities and assets is a group of assets rather than a business.
- Disclosure Initiative - Definition of Material (Amendments to IAS 1 and IAS 8): The amendments clarify and align the definition of 'material' and provide guidance to help improve consistency in the application of that concept whenever it is used in IFRS Standards.
- IBOR Reform and its Effects on Financial Reporting - Phase 1 : amendment to IFRS 9, IAS 39 and IFRS 7 insofar as they affect Interest Rate Benchmark Reform.

Note 2 - Consolidation scope and scope change

2.1. CONSOLIDATION SCOPE

Entity	Country of location	Currency	31 December 2020		31 December 2019	
			Consolidation method	% Interest	Consolidation method	% Interest
Industrial						
OCP SA - Holding	**Morocco**	**MAD**	**Parent Company**	**100.00**	**Parent Company**	**100.00**
Phosboucraâ	Morocco	MAD	Full	100.00	Full	100.00
Jorf Fertilizer Company I - JFC I	Morocco	MAD	Full	100.00	Full	100.00
Jorf Fertilizer Company II - JFC II	Morocco	MAD	Full	100.00	Full	100.00
Jorf Fertilizer Company III - JFC III	Morocco	MAD	Full	100.00	Full	100.00
Jorf Fertilizer Company IV - JFC IV	Morocco	MAD	Full	100.00	Full	100.00
Jorf Fertilizer Company V - JFC V	Morocco	MAD	Full	60.00	Full	60.00
Euro Morocco Phosphore- EMA	Morocco	MAD	Equity method	33.33	Equity method	33.33
Indo Morocco Phosphore - IMA	Morocco	MAD	Equity method	33.33	Equity method	33.33
Pakistan Morocco Phosphore - PMP	Morocco	MAD	Equity method	50.00	Equity method	50.00
Paradeep Phosphates Ltd. - PPL	India	INR	Equity method	50.00	Equity method	50.00
Groupe PRAYON	Belgium	EUR	Equity method	50.00	Equity method	50.00
Fertinagro Biotech*	Spain	EUR	Equity method	20.00		
Trading						
OCP AFRICA	Morocco	MAD	Full	100.00	Full	100.00
Black Sea Fertilizer Trading Company	Turkey	TRY	Full	100.00	Full	70.00
OCP Fertilizantes	Brazil	BRL	Full	100.00	Full	100.00
SAFTCO	Swiss	USD	Full	100.00	Full	100.00
OCP North America*	USA	USD	Full	100.00		
Others						
OCP International	Netherlands	USD	Full	100.00	IG	100.00
OCP International SAS	France	EUR	Full	100.00	IG	100.00
Fondation OCP	Morocco	MAD	Full	100.00	IG	100.00
Association pour la Promotion de l'Enseignement d'Excellence - APEE	Morocco	MAD	Full	100.00	IG	100.00
Foncière Endowment 1 - FE1	Morocco	MAD	Full	100.00	IG	100.00
Université MED6 polytechnique - UM6P	Morocco	MAD	Full	100.00	IG	100.00
Université MED6 Polytechnique Endowment Holding - UM6PEH*	Morocco	MAD	Full	100.00		
Lycée d'Excellence de Benguerir - Lydex	Morocco	MAD	Full	100.00	IG	100.00
Fondation Phosboucraâ	Morocco	MAD	Full	100.00	IG	100.00
Jacobs Engineering - JESA	Morocco	MAD	Equity method	50.00	Equity method	50.00
Dupont Ocp Operations Consulting - DOOC	Morocco	MAD	Equity method	50.00	Equity method	50.00
Société d'Aménagement et de Développement de Mazagan - SAEDM	Morocco	MAD	Equity method	51.00	Equity method	51.00
Société d'Aménagement et de Développement Vert - SADV	Morocco	MAD	Full	100.00	IG	100.00
OCP Innovation Fund For Agriculture - OIFFA	Morocco	MAD	Full	100.00	IG	100.00
Maghreb Hospitality Company-MHC*	Morocco	MAD	Equity method	50.00		
OCP Hospitality	Morocco	MAD	Full	100.00	IG	100.00
Société de Transports Régionaux - SOTREG	Morocco	MAD	Full	100.00	IG	100.00
Centre d'Etudes et de Recherches des Phosphates Minéraux - CER	Morocco	MAD	Full	100.00	IG	100.00
OCP Solutions	Morocco	MAD	Full	100.00	IG	100.00
TEAL Technology & Services - TTS	Morocco	MAD	Equity method	49.00	Equity method	49.00

* New integrations in consolidation scope.

2.2. SCOPE CHANGE

The Group's scope of consolidation has changed following the integration of the following entities:

- **Maghreb Hospitality Company - MHC:** This entity is 50 % owned by OCP. The governance of this joint venture is shared equally between the two shareholders: OCP and the Fonds Hassan II . Likewise, decisions on the relevant activities of this joint venture are subject to unanimous voting rights of the shareholders. Therefore, MHC is consolidated using the equity method according to IAS 28 - Investments in associates.

- **OCP North America (formerly OCP Research):** 100 % owned by OCP, the new entity operates in the marketing and distribution of OCP products. OCP North America also offers a variety of services related to market intelligence and analysis and partnership development.

- **Fertinagro Biotech:** OCP acquired 20 % of the capital of Fertinagro, an entity specializing in the production of fertilizers in Spain. This equity investment is part of the Group's strategy to promote innovation and the development of products adapted to the specific needs of soils and crops across the world. Fertinagro Biotech is now consolidated using the equity method in accordance with IAS 28 - Investments in associates.

- **Université MED6 polytechnique Endowment Holding - UM6PEH:** Entity 100 % owned by UM6P University. The purpose of this holding company is to hold equity securities in entities intended to develop R&D and develop the green city Mohammed VI in Benguerir.

Note 3 - Segment reporting

The presentation of the Groupsegment information has been modified. It is now disclosed production axis in accordance with the Group's organization and internal reporting:

- **Northern Axis (Khouribga – Jorf Lasfar):** this axis hosts the integrated phosphate chemical processing hub. Phosphate extracted at Khouribga is transported by slurry pipeline to Jorf Lasfar, where it is processed into phosphoric acid and fertilizers. The finished products are exported from OCP port at Jorf Lasfar.

- **Central Axis (Youssoufia and Benguérir – Safi) and Phosboucraâ:** this axis hosts:
  - The integrated phosphate chemical processing hub. The phosphate extracted at Youssoufia and Benguérir is transported by rail to Safi, where it is processed into phosphoric acid and fertilizer. The finished products are exported from OCP port at Safi.
  - Phosboucraâ's extraction site. The phosphate that is extracted there is transported by conveyer to the processing center at Laâyoune, then exported by sea from Laâyoune port.

- **Head office and other activities:** it hosts the corporate activities and the activities of international entities.

3.1. INFORMATION BY OPERATING SEGMENT

(In millions of dirhams)	*Nortern axis*		*Central axis & Phosboucraa*		*Head-office and other activities*		*Intersegment eliminations*		*TOTAL*	
	FY 2020	*FY 2019*	*FY 2020*	*FY 2019*	*FY 2020*	*FY 2019*	*FY 2020*	*FY 2019*	*FY 2020*	*FY 2019*
Revenue	44,021	41,038	10,666	11,102	5,590	3,931	(4,095)	(1,979)	56,182	54,092
Production held as inventory	(1,651)	1,598	(13)	682	31	(379)			(1,633)	1,901
Purchases consumed	(13,617)	(16,470)	(2,692)	(3,466)	(5,705)	(3,527)	3,893	1,694	(18,123)	(21,768)
External expenses	(4,752)	(5,116)	(2,253)	(2,420)	(1,651)	(2,703)	432	501	(8,224)	(9,738)
Personal expenses	(4,263)	(4,234)	(2,732)	(2,799)	(2,114)	(2,180)	11		(9,099)	(9,213)
Taxes	(167)	(163)	(80)	(83)	(59)	(73)			(306)	(319)
Income from joint ventures	157	211			185	150			342	361
Exchange gains and losses on operating recevables and payables	(133)	(16)	(39)		(262)	(52)			(435)	(68)
Other operating income and expenses	36	154		2	156	145	(240)	(216)	(48)	86
EBITDA	**19,630**	**17,002**	**2,856**	**3,018**	**(3,830)**	**(4,688)**			**18,657**	**15,333**
Amortization, depreciation and operating provisions	(5,532)	(5,357)	(940)	(814)	(1,724)	(1,292)			(8,196)	(7,467)
Current operating profit (loss)	**14,099**	**11,646**	**1,917**	**2,206**	**(5,554)**	**(5,981)**			**10,461**	**7,866**
Other non-curent operating income and expenses	(207)	(239)	(94)	(292)	(3,898)	(973)			(4,199)	(1,504)
Operating profit (loss)	**13,891**	**11,403**	**1,822**	**1,908**	**(9,452)**	**(6,959)**			**6,262**	**6,362**

The Group's revenue amounted to MAD 56.2 billion, up 4% compared to 2019. Consolidated revenue recorded an increase in volumes of rock and fertilizers intended for Latin American, Indian and European markets. Prices are falling due to an overcapacity market combined with falling raw materials prices.

The Group's EBITDA is up 22% compared to 2019 impacted in particular by the increase in revenue as well as the decrease in purchases of raw materials, energy consumption and savings in the provision of services and external charges which reward the Group's efforts in terms of optimizing and controlling its costs.

The revenue of the northern axis, which represents 78% of the total revenue, reached MAD 44.0 billion , an increase of 7% compared to 2019. Sales of the axis are driven by sales fertilizer for Brazil thanks to a good agricultural season; and India due to the decline in local production following health measures linked to the Covid-19 pandemic.

Sales from the central axis are down compared to 2019, mainly for phosphoric acid, a consequence of the drop in prices which is correlated with the fall in sulfur prices as well as the drop in volumes exported to Europe and Asia.

The Group's operating expenses fell by 13% compared to 2019, a decrease of MAD 5.2 billion. This decrease is mainly observed in the item of raw material purchases, in particular sulfur and sulfuric acid, following the decline in the prices of the latter, and in the item of external charges thanks to the optimization measures taken by the Group.

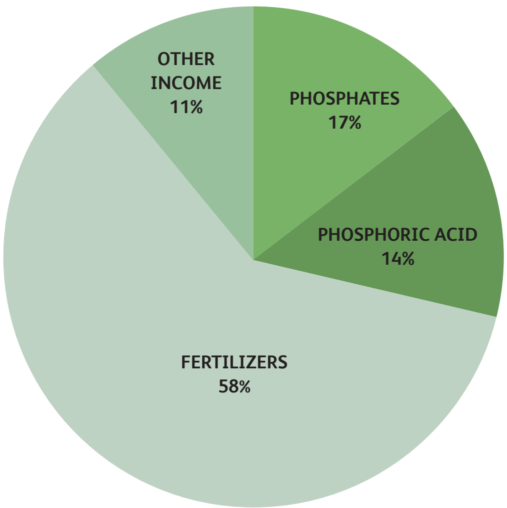
The northern axis recorded a 12% drop in its operating expenses, ie a variation of MAD 3.2 billion, observed mainly in sulfur purchases, which fell by more than 28%.

The operating expenses of the central axis are also down, mainly in sulfur.

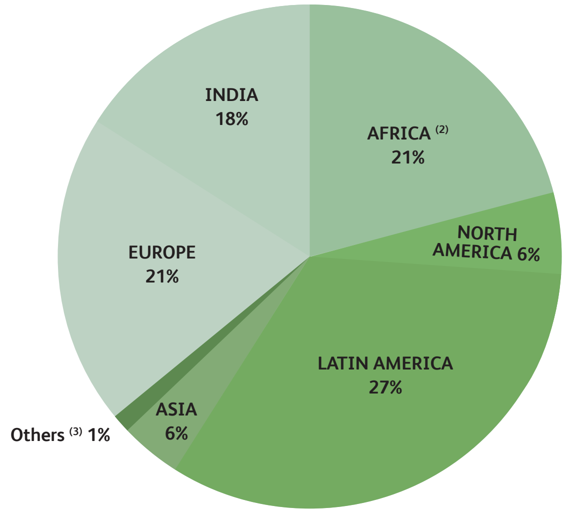
3.2. REVENUE BY PRODUCT AND BY GEOGRAPHICAL AREA

In 2020, revenue amounted to MAD 56,182 million, up 3 % compared to 2019. The breakdown of net consolidated sales by by product and by geographical area in the FY 2020 is detailed as follows:

REVENUE BY PRODUCT



REVENUE BY GEOGRAPHICAL AREA [1]



(1) Revenue of Phosphate, Phosphoric acid and Fertilizers
(2) Including sales in local market
(3) Including sales in the Middle East and Oceania

The Group generate revenues with diversified clients. No client alone generates more than 10 % of the consolidated revenue.

It should also be noted that 98 % of the consolidated assets are located in Morocco.

Note 4 - Operational data

4.1. OPERATING REVENUE

4.1.1 REVENUE

4.1.1.1 ACCOUNTING TREATMENT OF REVENUE

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, taking into account the amount of any trade discounts and volume rebates allowed. Revenue is recognized upon the transfer of the significant risks and rewards of ownership of the goods, and when the amount of revenue can be reasonably estimated. This transfer of ownership is made at the time of delivery of goods for local sales and as per Incoterms for export sales:

- ***Sales carried out FOB (Free on Board):*** transfer of risk takes place when the goods are placed on board the ship at the port of shipment. This primarily concerns sales related to the mining activities.
- ***Sales carried out under the incoterm CFR (Cost and Freight):*** OCP bears, in addition, the transport costs to the destination port, loading costs, export formalities and the related duties and taxes.

4.1.1.2 INFORMATION BY PRODUCT FAMILY

(In millions of dirhams)	*FY 2020*	*FY 2019*
Phosphates	9,287	9,474
Phosphoric acid	8,076	9,433
Fertilizer	32,749	29,257
Other income	6,070	5,929
Revenue	**56,182**	**54,092**

(In millions of dirhams)	Phosphates		Phosphoric acid		Fertilizers	
Main markets	*FY 2020*	*FY 2019*	*FY 2020*	*FY 2019*	*FY 2020*	*FY 2019*
Export sales	**7,395**	**7,137**	**6,826**	**8,187**	**32,232**	**28,584**
Europe	2,511	2,152	2,346	3,103	6,419	5,852
South America	2,063	1,812	516	502	12,080	8,949
North America	128		166	55	2,628	5,077
Inde	1,594	1,768	3,324	3,812	4,235	349
Africa		5		43	5,294	5,900
Asia	869	1,068	473	673	1,423	2,445
Oceania	230	331			153	11
Local sales	**1,891**	**2,336**	**1,250**	**1,245**	**518**	**674**
Total	**9,287**	**9,474**	**8,076**	**9,433**	**32,749**	**29,257**

(In millions of dirhams)	Phosphates		Phosphoric acid		Fertilizers	
Revenue	*FY 2020*	*FY 2019*	*FY 2020*	*FY 2019*	*FY 2020*	*FY 2019*
Outside the group	**14,527**	**15,825**	**8,076**	**9,433**	**36,307**	**30,885**
Joints ventures	7,412	6,171	6,866	6,749	32,749	29,273
Intercompany sales	1,875	3,303	1,210	2,683		-16
Eliminations	5,240	6,351			3,558	1,628
Total	**5,240**	**6,351**			**3,558**	**1,628**
Total	**9,287**	**9,474**	**8,076**	**9,433**	**32,749**	**29,257**

Revenue realized in 2020 is up 3.9 % compared to 2019.

Phosphates sales decreased by 2.0 % in 2020 compared to 2019.In terms of exports, volumes recorded an increase of exportations to Latin America, mainly to Mexico at our client INNOPHOS following an anticipatory storage strategy, and at FERTINAL impacted by the production stoppage in the first half of 2019 following a fire, as well as the catching up of the drop in sales in 2019 following the floods. Export volumes were also driven by strong demand in North America, explained by sales to Mosaic after the closure of the Bayovar mine in Peru. Finally, in Europe, the increase in expeditions, particularly to Poland, Belarus and Lithuania due to lower prices.

This international uptrend was largely offset by the drop in volumes sold locally following the activity stoppage of Asian joint ventures, namely Pakistan Morocco Phosphore PMP and Indo Morocco Phosphore IMACID, as a result of the epidemic situation among Indian and Pakistani partners.

It should be noted that the average price decreased from \$ 78 / T FOB in 2019 to \$ 75 / T FOB in 2020, explained by the general drop in the prices of inputs - sulfur and ammonia - used in the production of fertilizers and by a mix effect produced due to the orientation of certain customers towards cheaper rock qualities.

Sales of phosphoric acid fell by 14.4 % between 2019 and 2020, or -1.4 billion dirhams. This decline is mainly explained by the combined effect of the drop in prices which is correlated with the fall in sulfur prices, and the drop in volumes exported to Europe, where the Turkish market has prioritized the consumption of the locally produced acid. In addition, in Asia, particularly in Pakistan, the launch of maintenance work in several factories in the country led to a significant drop in production.

Fertilizer sales,for their part, recorded an increase of 11.9 % , equivalent to 3.5 billion dirhams between the two years, explained by a positive volume effect due to the increase in exports to Brazil induced by a good agricultural season, in India due to the increase in fertilizer imports following the drop in production rate due to the measures taken to contain the Covid-19 pandemic, and finally, increased volumes on the African continent due to calls for tenders won in Ethiopia at the end of 2019 for a total volume of 880 Kt.

This increase largely offset the drop in fertilizer exports to North America, particularly to the United States following the petition initiated by Mosaic, as well as the drop in volumes exported to Asia, especially to Bangladesh following the implementation of government restrictions on the imports.

The average price of Fertilizers in 2020 recorded a decrease compared to the average price in 2019, explained by the fall of prices of sulfur and ammonia linked to oversupply in the market. The fall in prices began at the end of 2019 to reach a historic low, then the market experienced a recovery in prices from the first half of 2020 without ever reaching the levels of 2019 over comparable periods. The annual average market price per tonne thus fell from $ 325 / T in 2019 to $ 297 / T in 2020.

Other revenues are mainly comprised of «Freight» business and other ancillary products, particularly the sale of liquid sulfur, urea, potassium chloride, etc. This line amounts to MAD 6.1 billion, ie + 2.4 % in 2020 compared to 2019.

4.1.2 TRADE RECEIVABLES

4.1.2.1 ACCOUNTING TREATMENT OF TRADE RECEIVABLES

This category includes operating receivables as well as deposits and guarantees. Upon initial recognition, the receivables are recorded in the balance sheet at their fair value that is generally equal to the nominal value, net of the discount effect when is applicable. At the closing date, these assets are measured using the amortized cost method. A loss in value is recorded depending on both the expected loss when the receivables are recognized and to the risk of non-recovery.

4.1.2.2 ANALYSIS OF TRADE RECEIVABLES

(In millions of dirhams)	*31 December 2020*	*31 December 2019*
Trade receivables invoiced	9,758	9,133
Provisions - trade receivables	(1,101)	(991)
Net trade receivables	**8,657**	**8,142**

Trade receivables increased by MAD 515 million between December 31, 2019 and December 31, 2020, i.e. + 6 %, as a result of the revenue increase especially in the sale transactions during the month of december 2020. Provisions - trade receivables are mainly related to the depreciation of the receivables of the customer Heringer due to his financial difficulties for an amount MAD 466 million in December 2019 whitch remains stable at the end of 2020.

Net trade receivable maturities as at 31 December 2020 are as follows:

		Matured receivables			
(In millions of dirhams)	*Unmatured receivables*	*< 30 days*	*30 - 180 days*	*more than 180 days*	*Total*
Net trade receivables	**6,219**	**321**	**423**	**1,695**	**8,657**

4.1.3 MANAGEMENT OF EXCHANGE RISK AND CREDIT RISKS

4.1.3.1 EXCHANGE RISK

The Group’s exposure to risk mainly results from the performance of a large part of its operating flows and its financial flows in currencies other than that in which the Group keeps its books (MAD), mainly the US dollar and the euro. OCP Group hedges its currency flows through natural hedging (foreign Currencies revenues – foreign currency expenses) and transfers the balance on the market through spot transactions.

4.1.3.2 FOREIGN EXCHANGE RISK ON FINANCING FLOWS

Setting up exchange rate hedge accounting:

As part of these activities, OCP realizes sales in dollars and has issued two bonds in dollars in fine respectively on April 25, 2014 and April 22, 2015. The first debt of $ 1.25 billion comes to maturity on April 25, 2024 and the second debt of $ 1 billion matures on October 22, 2025. At each closing, these debts generate an exchange rate effect in income under IAS 21. In this context, OCP aimed to limit this impact by using hedge accounting.

Evaluation of the hedging relationship in the Covid-19 context:

In this particular context of the Covid-19 observed during 2020, OCP affirms that the circumstances of the pandemic will not be likely to reduce the level of activity and Group revenue. Thus, the Group achieved during 2020 a revenue of $ 5.9 billion (MAD 56.2 billion) in 2020 up 4% compared to the revenue achieved during 2019. Consequently, the assumptions validating the effectiveness of the hedging relationship remain fully maintained and the hedging documentation is still verified.

According to the strategy initially described, OCP expects the hedge to be highly effective; it must be regularly tested over the life of the transaction and must be between 80% and 125%.

4.1.3.3 CREDIT RISKS

The credit risk stems in particular from the client risk in the event that the customers are unable to fulfill their commitments under the agreed conditions, bank and political risk.

The OCP group is present in more than fifty countries in the world. Its turnover is mainly generated by export sales. OCP group counts among its clients large international groups that have been in business relations with the Group for several years.

Credit risk management is based on the following elements:

- OCP has a comprehensive credit risk hedging policy based on periodic assessments of the financial strength of its clients and counterparties.
- The Group carries out a very active monitoring of trade receivables and counterparty risks. The monitoring is also permanent and rigorous with preventive reminders and in case of exceeding deadlines.
- Reporting and monitoring indicators are produced monthly to assess the payment performance of customers and counterparties.

The Group applies a preventive policy, in particular by using credit insurance and other forms of guarantees and cover applicable to trade receivables provided by leading financial institutions, as well as by setting up a program for the disposal of receivables without recourse to renowned banking and factoring establishments.

4.2. PURCHASES CONSUMED AND EXTERNAL CHARGES

4.2.1 ACCOUNTING TREATMENT OF OPERATING CHARGES

Operating expenses are those related the operating business cycle of the company. They correspond to the expenses which contribute to sustainable wealth creation. The main operating expenses are generally the consumption of raw materials, consumable, non-storable materials and supplies expenditure, external consumptions, staff costs (see Note5 : expenses and employee benefits) and taxes.

In accordance with the principle of matching revenues and expenses, revenues and expenses are directly related to each other and recorded in the same period.

4.2.2 ANALYSIS OF PURCHASES CONSUMED AND EXTERNAL CHARGES

Purchases consumed:

(In millions of dirhams)	*FY 2020*	*FY 2019*
Purchases of materials and supplies	**(1,252)**	**(990)**
Purchases of raw materials	**(10,603)**	**(12,759)**
Sulfur	*(5,008)*	*(6,989)*
Ammonia	*(3,911)*	*(3,714)*
Sulfuric acid	*(607)*	*(1,106)*
KCL	*(495)*	*(572)*
Other raw materials	*(582)*	*(377)*
Energy comsumption	**(2,319)**	**(2,911)**
Electric energy	*(1,181)*	*(1,255)*
Fuel	*(633)*	*(983)*
Diesel	*(403)*	*(569)*
Heating gas	*(63)*	*(90)*
Gasoline	*(19)*	*(11)*
Steam and others	*(19)*	*(5)*
Spare parts	**(644)**	**(1,129)**
Purchases of works, studies and services	**(1,800)**	**(2,281)**
Water supply	**(149)**	**(153)**
Auxiliary materials and othe the purchases	**(1,355)**	**(1,545)**
Purchased consumables of materials and supplies	**(18,123)**	**(21,768)**

Purchases of materials and supplies recorded an increase of MAD 262 million between 2019 and 2020. This increase is mainly recorded by the Swiss subsidiary SAFTCO due to the development of its fertilizer trading activity, particularly in Ukraine and in Brazil.

Purchases of raw materials recorded a decrease of MAD 2.2 billion between 2019 and 2020. This variation is mainly due to the sharp drop in sulfur purchases.

In fact, sulfur purchases decreased by MAD 2.0 billion following a 34% drop in the price per ton in 2020 (($ 74 / T CFR during 2020 compared to $ 112 / T CFR for 2019) due to the high stock in China and the product oversupply in the international market.

Sulfuric acid consumption also showed a decrease of MAD 499 million which is also explained by a price fall per ton which fell from $ 74 / T CFR in 2019 to $ 32 / T in 2020 in line with the drop in price of sulfur on the international market.

Energy consumption amounted to MAD 2.3 billion during 2020, down 20 % compared to 2019. This decrease is mainly explained by the drop in prices of the fuel and diesel.

The drop in services of MAD 481 million compared to 2019 is explained by the general decrease in the purchased services in the different sites of the Group following the Covid-19 context.

The other items relating to spare parts and other purchases consumed showed significant decreases thanks to the cost control efforts undertaken by the Group over 2020.

External expenses:

(In millions of dirhams)	*FY 2020*	*FY 2019*
Transport	**(5,117)**	**(5,164)**
ONCF transport on sales	*(881)*	*(851)*
Shipping on sales-Freight	*(3,425)*	*(3,436)*
Truck phosphates transport	*(217)*	*(255)*
Personal transport	*(107)*	*(102)*
Other operating transport	*(486)*	*(520)*
Consulting and fees	(362)	(547)
Contributions and donations	(488)	(656)
Maintenance and repairs	(1,099)	(1,562)
Leases ans lease expenses	(127)	(173)
Insurance premiums	(299)	(261)
Advertising, publications and public relations	(140)	(284)
Postal and telecommunications expenses	(200)	(114)
Study, analysis, research and documentation	(155)	(86)
Remuneration of personal outside the company	(178)	(166)
Other external expenses	(57)	(725)
External expenses	**(8,224)**	**(9,737)**

External charges during 2020 reached MAD 8.2 billion, down 16 % compared to 2019. This decrease is mainly due to the fact that maintenance and repair charges incurred in 2020 were partially recognized in the balance sheet because they have been classified as tangible assets in accordance with IAS16. This decrease is also linked to the postponement of cold shutdowns of certain production lines at Jorf Lasfar.

The decrease in other external expenses as well as other items relating to external expenses highlights the efforts made by the Group in terms of cost optimization and management.

4.2.3 RISKS RELATED TO RAW MATERIALS

Sulphur supplies

On a global trade of 32 million tons per year, OCP Group imports nearly 7.5 million (2020) tonn each year and is expected to import 8.5 million tons after the start of the new fertilizer production units (Horizon 2024-2025), equaling 27 % of the world trade. These rising imports are provided through direct contracts with the world's leading sulfur producers. The supplier portfolio is thus diversified from a regional standpoint but also from its position in the sulfur value chain. OCP portfolio consists of the main suppliers: Middle East, Europe, North America (US Gulf & Canada), FSU (Russia, Kazakhstan).

Sulphur prices

The price of a large part of volumesis set quarterly. The prices that are negotiated by OCP are among the most competitive ones as a result of the diversification policy and the Group's weight on the international market..

Ammonia supplies

Global trade in ammonia represents approximately 20 million tons per year. This market is a regionally diversived due to the highlogistics costs that are involved. The Group's annual procurements represent around 1.8 million tons per year and should reach 2.2 million tons after the start-up of the granulation units and the fertilizers production units. Morocco's geographical situation is advantageous in that it enables the Group to be close to the locations of the world's main exporters of ammonia (Trinidad, FSU, Far East). .

Ammonia prices

The price of ammonia is volatile. Therfore, its prices are fixed cargo by cargo or over a short period. However, the Group has entered into contracts with all the main suppliers (Russia, Trinidad, Ukraine ...) to guarantee the availability of the product in the medium and long term.

4.2.4 INVENTORIES

4.2.4.1 ACCOUNTING TREATMENT OF INVENTORIES

Inventories are evaluated at the lower of cost and net realizable value.

The cost of inventories is determined according to the weighted average cost method. It comprises the costs of purchase, production, conversion and other costs incurred in bringing the inventories to their present location and condition. For manufactured inventories and work-in-progress, the cost includes an appropriate share of the overheads based on normal production capacity.

When the sale is recognized, the inventories are then accounted as expenses in current operating income at the same period as the corresponding product.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale these costs do not include any expenses due to sub-activity.

4.2.4.2 ANALYSIS OF THE INVENTORIES EVOLUTION

(In millions of dirhams)	*31 December 2020*			*31 December 2019*		
	Gross	*Depreciation*	*Net*	*Gross*	*Depreciation*	*Net*
Consumable materials and supplies	5,834	(1,519)	4,315	5,332	(1,499)	3,832
In-process inventory	6,759	(88)	6,671	6,758	(13)	6,744
Finished products	2,800	(234)	2,566	4,466	(48)	4,419
Total Inventories	**15,393**	**(1,841)**	**13,552**	**16,556**	**(1,560)**	**14,996**

Inventories of consumables and supplies consists mainly of non-strategic spare parts for installations. The risk of obsolescence of these parts is an indication of impairment that is reviewed annually to estimate whether impairment is required.

Total inventories at the end of December 2020 amounted to MAD 13.6 billion, down MAD 1.4 billion compared to the end of December 2019. This decrease is mainly related to the decline in finished products inventories explained by the increase in volumes sold mainly in the fertilizer segment.

4.2.5 TRADE PAYABLES

(In millions of dirhams)	*31 December 2020*	*31 December 2019*
Trade payables	4,915	5,460
Fixed assets liabilities	10,416	9,550
Trade payables	**15,332**	**15,010**

Trade payables correspond to payables and fixed assets liabilities. The latter, which are used to finance the Group's investment program, recorded an increase of MAD 866 million as of December 31, 2020 compared to December 31, 2019. This variation was offset by the decrease of MAD 545 million in trade payables as of December 31, 2020 compared to December 31, 2019.

Thanks to the advanced digitization of all of its supplier invoices processing, from receipt of the invoice to payment, the Group has been able to maintain a good level of payment performance.

Note 5 - Expenses and employee benefits

5.1. PERSONNEL EXPENSES

(In millions of dirhams)	*FY 2020*	*FY 2019*
Employee remuneration and related social charges	(7,276)	(7,239)
Retirement benefits and medical cover	(1,264)	(1,308)
Other employee benefits	(559)	(666)
Personnel expenses	**(9,099)**	**(9,213)**

Personnel costs in 2020 amounted to MAD 9.1 billion with a slight decrease of 1.2 % compared to 2019. This decline is mainly explained by the increase in payroll following the implementation of the 2019 Protocol of Agreement offset by the reduction in social measures in favor of the employees (access to property, leisure, summer camps…).

5.2. NUMBER OF EMPLOYEES

(On number)	*31 December 2020*	*31 December 2019*
Non-excecutives	3,837	3,560
Technicians, Supervisors and Administrative executives	5,830	6,123
Manual workers and Clerical staff	9,990	10,182
Number of employees	**19,657**	**19,865**

5.3. POST-EMPLOYMENT BENEFIT AND OTHER BENEFITS

5.3.1 GENERAL PRESENTATION OF SCHEMES EXISTING WITHIN THE GROUP AND ACCOUNTING TREATMENT

OCP Group has three types of benefits schemes:

- *Post-employment defined contribution plans* are those for which the obligation of the OCP Group is limited to the payment of a contribution that does not include any commitment by the employer to the level of benefits provided by the Group Allowance Plan "RCAR" pension. Contributions are expensed during the period in which the employees rendered the related services. Amounts assumed during the year under other defined contribution plans amounted to MAD 610 million in 2020 compared to MAD 600 million in 2019.
- *Post-employment defined benefit plans* include all post-employment benefits for which the OCP Group is committed to a benefit level. These include death benefit, end-of-career benefits and post-employment medical coverage for OCP staff.
- *Other long-term benefits are benefits*, other than post-employment benefits and termination benefits, that are not due in full within 12 months of the end of the year in which the benefits are earned staff rendered the corresponding services. This includes the closed own plans for the death and disability benefit and the workers' compensation agreement. The other long-term benefit obligation is measured using an actuarial valuation method similar to that applied to defined-benefit post-employment benefits.

Defined benefit plans are subject to a provision, determined on the basis of an actuarial valuation of the commitment using the projected unit credit method, taking into account demographic and financial assumptions. Actuarial assumptions are reviewed on an annual basis.

Differences related to changes in actuarial assumptions and experience-related adjustments (the effect of differences between previous actuarial assumptions and what actually happened) are actuarial gains and losses recorded in non-recyclable equity in accordance with the provisions of IAS 19 revised and appear in the «Actuarial Gap» column in the consolidated statement of changes in equity.

5.3.2 MAIN ACTUARIAL ASSUMPTIONS USED

All defined benefit obligations have been calculated on the basis of actuarial calculations based on assumptions such as the discount rate, the medical inflation rate, future salary increases, the employee turnover rate and the number of employees and mortality tables. The main assumptions used are as follows:

	31 December 2020	*31 December 2019*
Discount rate		
Pension supplement	3.50 %	3.94 %
Medical plans	3.50 %	3.54 %
Expected salary increase rate	**5.10%**	**5.10%**
Rate of increase in medical costs	**2.00%**	**1.00%**

The discount rates are determined by reference to market yields on bonds issued by the Moroccan State, to which is added a basic risk premium to estimate the market yields on high quality corporate bonds over equivalent durations to those of the plans.

The new medical consumption curve assumed in the calculation of the commitment corresponds to the median age-specific medical consumption curve estimated from the history of new medical expenses for the years 2015, 2016 and 2017 instead of the previously used curve estimated for the years 2013 and 2014.

Moreover, regarding the outsourcing of health insurance plan to the AMO, OCP had fixed 2022 as the year of changeover.

The Group reassessed the consumption curve and the medical inflation rate on the basis of the spending history for the period 2017-2019. The Group also reassessed the rate of childcare on the basis of the same 2017-2019 history. This rate went from 8 % to 7 %. Likewise, the Group has assumed part of its social commitments relating to certain categories of management costs. The total of these reassessments increased the social commitments relating to the medical plans.

5.3.3 OBLIGATIONS RELATED TO SOCIAL LIABILITIES

(In millions of dirhams)	*Post-employment benefits*					
	Pension supplement	*Medical plans*	*Fixed retirement allocation*	*Total post-employment benefits*	*Other long-term benefits*	*Total employee benefits*
Net obligations recognized at 1st January 2019	**458**	**3,363**	**665**	**4,486**	**130**	**4,616**
Benefits paid	(10)	(537)	(95)	(641)	(10)	(651)
Service cost	2	40	52	94		94
Expenses related to discounting of obligations	21	142	29	192		192
Actuarial losses or (gains) for the period resulting from changes in:	(93)	707	96	711		711
Contributions		271		271		271
Other changes	148			148		148
Net obligations recognized at 31 December 2019	**526**	**3,986**	**748**	**5,260**	**120**	**5,380**
Benefits paid	(11)	(574)	(41)	(625)		(625)
Service cost	2	49	61	112		112
Expenses related to discounting of obligations	21	141	28	190		190
Actuarial losses or (gains) for the period resulting from changes in:	60	247	(6)	301		301
Contributions		289		289		289
Other changes	(1)			(1)		(1)
Net obligations recognized at 31 December 2020	**598**	**4,137**	**790**	**5,525**	**120**	**5,646**

5.3.4 ANALYSIS OF SENSITIVITY TO THE ASSUMPTIONS USED FOR DEFINED-BENEFIT PLANS AND OTHER LONG-TERM BENEFITS RECOGNIZED

(as % of the item measured) Sensitivity analysis +1%	*31 December 2020*		*31 December 2019*	
	Pension supplement	*Medical plans*	*Pension supplement*	*Medical plans*
Discount rate Impact on the current value of gross obligations at 31 December	-17 %	-12 %	-16 %	-10 %
Rate of change in medical costs Impact on the current value of gross obligations at 31 December		17 %		16 %

(as % of the item measured) Sensitivity analysis -1%	*31 December 2020*		*31 December 2019*	
	Pension supplement	*Medical plans*	*Pension supplement*	*Medical plans*
Discount rate Impact on the current value of gross obligations at 31 December	21 %	15 %	21 %	13 %
Rate of change in medical costs Impact on the current value of gross obligations at 31 December		-13 %		-13 %

5.4. KEY MANAGEMENT COMPENSATION

Key management includes the Chairman and Chief Executive Officer, Deputy Executive Officers, Executive Vice-Presidents, seniors Vice-Presidents, Vice-Presidents and advisors to the Chief Executive Officer.

(In millions of dirhams)	*FY 2020*	*FY 2019*
Short-term employee benefits	134	133
Post-employment benefits	21	22
Termination benefits employment contract	0	0
Total management compensation	**156**	**156**

Note 6 - Investments in Joint Ventures and associates

6.1. ANALYSIS OF INVESTMENTS IN JOINT VENTURES AND ASSOCIATES

Group's investments in associates* and joint ventures are analyzed as follows:

(In millions of dirhams)	*31 December 2020*	*31 December 2019*
PRAYON	1,274	1,184
Euro Maroc Phosphore - EMA	196	164
Indo Maroc Phosphore - IMA	370	362
Pakistan MAROC PHOSPHORE - PMP	732	775
Paradeep Phosphates Limited - PPL	1,132	1,099
Société d'aménagement et de développement de la Mazagan -SAEDM*	288	289
Teal Thechnology Services - TTS*	12	12
Maghreb Hospitality Company - MHC*	953	
Fertinagro Biotech *	384	
Others	(55)	(1)
Total interests in joint-ventures	**5,286**	**3,882**

* SAEDM, MHC, Fertinagro Biothech and TTS being associated companies.

As part of the alliance announced at the end of 2019 between OCP group, ONCF and Fonds Hassan II , which aimed at the development of the high-end hotel sector, the two partners OCP and Hassan II Fund At the start of 2020, they created the Maghreb Hospitality Company-MHC joint-venture. Owned equally by the two partners, this joint venture acquired, in March 2020, 52 % of the capital of the company La Mamounia and 80 % of the shares of the Management Company of the Michlifen Hotel from the ONCF.

The total amount of these acquisitions is estimated at MAD 2.3 billion included in the assets of MHC.

In light of the current circumstances relating to Covid-19, and although the tourism sector was among the sectors most affected by this pandemic, MHC studied the impact of this indication of impairment on the recoverable value of its participation in the company Mamounia, based on forecasts of discounted future cash flows and concludes that the assets acquired will not be subject to any impairment.

6.2. STATEMENT OF FINANCIAL POSITION AND INCOME STATEMENTS OF ASSOCIATES AND JOINT VENTURES

The note hereafter details at 100 % the lines of the Statement of Financial Position and income statement of the consolidated associates and joint ventures:

Statement of Financial Position

(In millions of dirhams)	*PRAYON*	*EMAPHOS*	*IMACID*	*PMP*	*PPL*	*SAEDM*	*TTS*	*MHC*	*Fertinagro*	*Others*
ASSETS										
Current assets										
Cash and cash equivalents	623	20	38	80	33	87	41	4	74	306
Cash financial assets		4			36					
Inventories	2,031	350	132	199	1,273	1,201			93	
Trade receivables	510	214	741	446	2,452		78		117	1,598
Current tax receivables			31	7	69		7			53
Other current assets	136	216	267	771	586	112	21	6	3	796
Total current assets	**3,299**	**804**	**1,208**	**1,504**	**4,448**	**1,400**	**146**	**10**	**287**	**2,752**
Non-current assets										-
Non-current financial assets	30								18	8
Investments in equity-accounted companies	984									
Equity securities	16					1		2,445		135
Deferred tax assets	116									
Property, plant and equipment	1,882	132	492	599	1,742	4	3	300	86	50
Intangible assets	361	191	23	10	1	7		24	9	22
Total non-current assets	**3,390**	**323**	**515**	**609**	**1,743**	**11**	**4**	**2,769**	**113**	**216**
Total Assets	**6,689**	**1,127**	**1,723**	**2,113**	**6,191**	**1,410**	**150**	**2,780**	**401**	**2,968**

(In millions of dirhams)	*PRAYON*	*EMAPHOS*	*IMACID*	*PMP*	*PPL*	*SAEDM*	*TTS*	*MHC*	*Fertinagro*	*Others*
LIABILITIES										
Current liabilities										
Current loans and financial debts	1,492				1,849					
Current provisions	10		1		98		2			
Trade payables	1,129	367	485	523	1,298	315	69	16		668
Current tax liabilities	68	5	36		180					11
Other current liabilities	398	27	29	104	109	165	54	799	224	1,097
Total current liabilities	**3,096**	**399**	**550**	**628**	**3,535**	**481**	**126**	**814**	**224**	**1,783**
Non-current liabilities										
Non-current loans and financial debts	655	133			267	365				
Non-current provisions for employee benefits										
Other non-current provisions	239				30					
Deferred tax liabilities	207				92					
Other non-current liabilities	18				32				1	
Total non-current liabilities	**1,120**	**133**			**421**	**365**			**1**	
Equity - Group share	545	180	620	800	679	608	15	2,000	61	101
Paid-in capital		110								
Reserves		209	241	515	1,117	(1)			94	23
Retained earnings	1,773		184			(42)	9		8	1,150
Net profit (loss) - Group share	155	96	128	169	438	(1)	(1)	(36)	13	(90)
Total equity	**2,473**	**595**	**1,173**	**1,484**	**2,235**	**565**	**24**	**1,964**	**176**	**1,184**
Total liabilities and equity	**6,689**	**1,127**	**1,723**	**2,113**	**6,191**	**1,410**	**150**	**2,780**	**401**	**2,968**

Income statement

(In millions of dirhams)	*PRAYON*	*EMAPHOS*	*IMACID*	*PMP*	*PPL*	*SAEDM*	*TTS*	*MHC*	*Fertinagro*	*Others*
Revenue	7,970	1,569	2,022	2,024	5,703		394		402	1 821
Production held as inventory	154	46	(111)	(3)	(33)	120	(2)		(1)	
Purchases consumed	(4,672)	(1,342)	(1,264)	(1,436)	(3,938)	(165)	(295)		(267)	(753)
External expenses	(1,588)	(129)	(375)	(306)	(540)	(4)	(5)	(21)	(65)	(172)
Personnel expenses	(1,229)			(9)	(169)	(13)	(88)		(51)	(838)
Taxes		(2)	(2)	(1)	(1)					(2)
Exchange gains and losses on operating receivables and payables		(7)	(23)	(39)						(3)
Other operating income and expenses	(69)	1	(23)	(8)	(151)	60				(5)
EBITDA	**566**	**136**	**223**	**221**	**872**	**(2)**	**3**	**(21)**	**19**	**47**
Amortization, depreciation and operating provisions	(385)	(9)	(54)	(102)	(115)	(2)	(4)	(1)		(22)
I - OPERATING PROFIT BEFORE EXCEPTIONAL ITEMS	**181**	**127**	**169**	**119**	**757**	**(4)**	**(1)**	**(22)**	**19**	**26**
Other non-current operating income and expenses		(3)	(4)	108	(9)		1		(1)	(103)
II - OPERATING PROFIT	**181**	**124**	**165**	**228**	**748**	**(4)**		**(22)**	**18**	**(77)**
Cost of net financial debt			(3)	9	(111)	(21)		(13)	(2)	2
Exchange gains and losses on financial receivables and payables					(68)					
Other financial income and expenses	(76)		1			25				
III - FINANCIAL PROFIT	**(76)**	**0**	**(2)**	**9**	**(179)**	**4**		**(13)**	**(2)**	**2**
IV - PROFIT BEFORE TAX	**105**	**124**	**164**	**237**	**569**	**(1)**		**(36)**	**16**	**(75)**
Corporate tax	(33)	(28)	(36)	(68)	(131)				(4)	(15)
Profit (loss) from joint ventures	84									
VI - NET PROFIT FOR THE PERIOD	**155**	**96**	**128**	**169**	**438**	**(1)**		**(36)**	**13**	**(90)**

6.3. SERVICES PROVIDED BY OCP TO JOINT VENTURES

OCP provides its joint ventures with various services as summarized below:

6.3.1 SUPPLY OF PHOSPHATE AND PHOSPHORIC ACID

Contractual provisions govern OCP's supply of phosphate to its joint ventures. These provisions concern notably the following:

- The quality of the rock, defined according to specifications determined by the joint venture annually;
- The price invoiced to the joint venture which corresponds to the average export market prices for the year. The same price determination formula is used for all of the joint ventures;
- And other conditions related to invoicing and payment terms.

Under these transactions, OCP recorded sales of phosphates to joint ventures for MAD 2,155 million in 2020 against MAD 2,824 million in 2019.

OCP also supplies phosphoric acid to its joint ventures EMAPHOS, PPL and PRAYON. In these sales, OCP recorded a revenue of MAD 2,290 million in 2020 against MAD 2,496 million in 2019.

6.3.2 SUPPLY OF SERVICES AND UTILITIES

The services and utilities provided by OCP to its joint ventures based on the Jorf Lasfar platform concern mainly the infrastructure use in Jorf Lasfar, the utilities supply of (liquid sulfur, water, steam etc.) which are necessary for the industrial exploitation, the know-how of the OCP personnel, the services of maintenance of the installations and equipment and the services of handling, and finally the rental of the storage equipement.

6.3.3 LEASES

OCP has signed lease agreements with local joint ventures based on the Jorf Lasfar platform. Rents are payable in advance at the beginning of the year and revised according to the terms and conditions set out in the contracts.

6.3.4 FINANCIAL AGREEMENT

OCP hasconcluded cash pooling agreements with certain joint ventures (Indo Maroc Phosphore-IMA, Pakistan Maroc Phosphore-PMP, etc.).

6.3.5 OTHER SERVICES

OCP also provides marketing services (marketing products manufactured by the joint ventures) and chartering services to some of its joint ventures.

OCP also signed a multiparty contract for the sale of spare parts on the Jorf Lasfar platform in 2017 with several subsidiaries and joint ventures, including Indo Maroc Phosphore-IMA and Euro Maroc Phosphore-EMAPHOS.

6.3.6 BENEFITS PROVIDED BY JOINT VENTURES TO OCP

Dupont Ocp Operations Consulting-DOOC and OCP have entered into a Master Consulting Services Agreement, through which DOOC provides consulting services to OCP primarily in the areas of security, operational efficiency and environmental management. The contract was amended respectively in 2015, 2017 and 2018.

Jacobs Engineering-JESA provides OCP with engineering services through the Framework Services Agreement signed in 2017.

Teal Technology & Services TTS and OCP have entered into a Master Services Agreement through which TTS provides data center services, digital transformation and outsourcing of existing businesses.

Note 7 – Other operating items

7.1. ACCOUNTING TREATMENT OF THE OTHER OPERATING ITEMS

Other operating items primarily include taxes, foreign exchange gains and losses on operating receivables and payables, and other non-current operating income and expenses.

Non-current items are items (income and expenses) that have little predictive value due to their nature, frequency and / or materiality. These income and expense concern:

- Impairment losses on fixed assets (cf. Note 8.1.3 «Impairment tests and impairment losses «), if so, the reversals of impairment losses on intangible assets, being generated by an event that substantially modify the economic viability of the concerned products;
- Gains or losses on business disposals;
- Income of equity revaluation previously held in activities in which the Group takes control;
- Other unusual and materials items which nature is not directly related to current operations.

7.2. ANALYSIS OF OTHER OPERATING ITEMS

(In millions of dirhams)	*FY 2020*	*FY 2019*
Gains and losses on other assets	22	8
Subsidies granted	(497)	(525)
Donations, legacies, liberalities	(3,480)	(615)
Tax inspection		(87)
Others	(243)	(284)

Other non-recurring operating income and expenses decreased by MAD 2.7 billion between 2020 and 2019. This variation is mainly explained by the MAD 3 billion contribution of OCP to the Special Fund for the management of the Covid-19 pandemic.

7.3. AUTRES ACTIFS COURANTS

(In millions of dirhams)	*31 December 2020*			*31 December 2019*		
	Gross	*Depreciation*	*Net*	*Gross*	*Depreciation*	*Net*
Receivables from suppliers, advances and payments on account	8,003		8,003	7,478	(6)	7,472
Personnel	66	(1)	65	68	(1)	67
Social organizations	342	(32)	310	316	(32)	284
State (excluding corporate income tax)	8,963		8,963	6,945		6,945
Tax receivables	11		11	39		39
Other receivables	361	(24)	336	330	(13)	317
Total other current assets	**17,746**	**(57)**	**17,689**	**15,177**	**(52)**	**15,124**

The receivables from suppliers recorded an increase of MAD 0.5 billion at the end of December 2020 compared to the end of December 2019 following the start of industrial projects.

«State (excluding corporate income tax)» mainly includes VAT, the phosphate exploitation fee and other taxes and duties. The Group VAT credit stood at MAD 7.1 billion as of December 31, 2020 compared to MAD 4.8 billion as of December 31, 2019. The amount recorded at December 31, 2020 includes a discounting effect of MAD -259 million because the Group is planning a repayment schedule that is spread over the three coming years (see Note 10.2.3 Other financial income and expenses).

The tax receivable maturities as at 31 December 2020 are detailed in the table below:

(In millions of dirhams)			*Matured*		
	Total	*Unmatured*	*<30 days*	*30 - 120 days*	*> 120 days*
State, VAT	1,599	1,485	18	38	58
VAT credit	7,124	3,348	14		3,762
State, other taxes	240	174	2		65
Total	**8,963**	**5,007**	**33**	**38**	**3,885**

7.4. OTHER CURRENT LIABILITIES

(In millions of dirhams)	*31 December 2020*	*31 December 2019*
Trade receivable credit balances, advances and payments on account	816	1,511
State	932	992
Social payables	1,275	1,227
Tax liabilities	42	212
Other creditors	2,596	2,441
Total other current liabilities	**5,661**	**6,383**

Note 8 – Property, plant & equipment and intangible assets

8.1. ACCOUNTING TREATMENT OF ASSETS

8.1.1 PROPERTY, PLANT & EQUIPMENT

Measurement and useful lives of operating assets

The equipment controllers and maintenance managers in the Northern, Central and Phosboucrâa axis identify the useful lives of the various categories of assets (main assets and components). These lives correspond to the potential duration of technical utilization. The useful lives and depreciation methods used are examined at the close of each period and prospectively adjusted, if necessary.

Property, plant & Equipment (PP&E) are recognized at their historic acquisition cost, production cost or cost of entry to the Group, less depreciation and possible loss of value. Borrowing costs incurred during the construction of a qualified asset are incorporated into the cost of the asset. Costs of day-to-day maintenance are recognized as maintenance costs if the frequency of renewal of this maintenance in terms of volume is annual. The partial or total restoration of one or several components constitutes major maintenance. This is recognized in fixed assets and the net carrying amount is derecognized.

Depreciation

In accordance with the component approach, the Group uses differentiated depreciation periods for each of the significant components of the same asset if the useful life of one of the components is different from the useful life of the principal asset to which it belongs. Depreciation is calculated using the straight-line method on useful lives corresponding to the following technical lives:

Property, plant and equipment	*Duration*
Mining land	10 to 30 years
Buildings	15 to 60 years
Technical installations equipment and tools	5 to 30 years
Transport equipment	5 to 30 years
Furniture, office equipment, fitings	3 to 30 years

The useful lives are reviewed at the end of each annual closing and adjusted prospectively if necessary.

Leases

Since January 1, 2019, the Group has applied IFRS 16 «Leases» according to the so-called «simplified retrospective» transition method. With the application of this new standard, the OCP Group now recognizes all of its rental agreements in the balance sheet, with the exception of contracts with a duration of less than 12 months or those relating to goods with a value less than 5,000 dollar

On the transition date, the Group did not change the value of the assets and liabilities related to leases qualified as finance leases according to IAS 17. The assets have been reclassified under right of use and the finance lease debts are now presented with the rental debts.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a «qualifying asset» are included in the cost of the asset, in accordance with IAS 23 «Borrowing costs».

OCP capitalize the borrowing costs for MAD 203 million in 2020, versus an amount of MAD 635 million in 2019.

8.1.2 INTANGIBLE ASSETS

Initial and subsequent measurement

Intangible assets are composed of patents, licenses, softwares, research and development costs. They are recognized t their acquisition cost less accumulated amortization and impairment losses. Expenses thus recorded in assets include costs for equipment and services, costs of personnel directly assigned to the production and preparation of some softwares for its own their use and costs of borrowing if eligibility conditions are satisfied.

Expenses undertaken over the development phase are capitalized when the criteria for recognition of an asset set forth in IAS 38 are met: technical feasibility, intention to complete the asset and to use it or to sell it, probability of future economic benefits, availability of resources, ability to measure the development expenses reliably. Expenses incurred during the research phase are not capitalized, but are expensed.

Depreciation

Intangible assets consist mainly of softwares and are amortized on a straight-line basis according to their useful life, which ranges from 1 year to 5 years.

Development expenditures

The development phase starts when the deposit has been analyzed as economically feasible and a decision has been taken to develop it. Only the expenditure incurred before the production phase and for the development of the deposit is capitalized. Development expenditure incurred to maintain the existing production is recognized as expenses.

Goodwill

There is no significant goodwill in the Group.

8.1.3 IMPAIRMENT TESTS AND IMPAIRMENT LOSSES

Valuations used for impairment tests

The assumptions and estimates which are made to determine the recoverable value of goodwill, intangible assets and PP&E relate in particular to the market prospects necessary to evaluate cash flows and the discount rates used. Any modification of these assumptions could have a significant effect on the amount of the recoverable value, and could lead to a modification of the impairment to be recognized.

A cash-generating unit (CGU) is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

Given the group’s activities, three main cash generating units are identified.

- **Northern Axis (Khouribga – Jorf Lasfar):** this axis hosts the integrated phosphate chemical processing hub. Phosphate extracted at Khouribga is transported by slurry pipeline to Jorf Lasfar, where it is processed into phosphoric acid and fertilizer. The finished products are exported from the OCP port in Jorf Lasfar.
- **Central Axis (Youssoufia and Benguérir – Safi):** this axis hosts the integrated phosphate chemical processing hub. The phosphate extracted at Youssoufia and Benguérir is transported by rail to Safi, where it is processed into phosphoric acid and fertilizer. The finished products are exported from the OCP port at Safi.
- **Phosboucraâ Axis:** Phosboucraâ extraction site. The phosphate that is extracted there is transported by conveyer to the processing center at Laâyoune and then exported by sea.

The impairment tests for assets apply the following rules:

- Goodwill and intangible assets with indefinite useful lives are tested for impairment at least once a year.
- PP&E and intangible assets with finite lives are tested for impairment if there is an indication of impairment, as defined hereafter:
    - Significant reduction in the market price of the asset;
    - Obsolescence or physical deterioration of the asset;
    - Significant negative changes in the past or planned use of an asset;
    - Significant change in the technological, economic or legal environment;
    - Increase in interest rates or yield which could affect useful value.

An impairment loss is recognized when the recoverable value of a CGU is lower than the net carrying amount of the assets that belong to it. The recoverable amount of a CGU is the higher of its fair value less costs to sell, and its value in use. The value in use is equal to the present value of the future cash flows that it generates, as per the budget and strategic plan approved by the Board of Directors, increased, by its exit value at the end of its expected useful life.

Despite the health emergency crisis linked to Covid-19, OCP continues to operate at a normal rate to serve its customers on the national and international market as part of a Business Continuity Plan.

Orders from OCP customers remain at a normal level and the various units of the Group are operating at their full capacity to meet the order books, which are filling up at a regular rate. In addition, the forecast landing of the Group’s performance indicators affirms the maintenance of the margin rate at its usual level due to the expected increase in revenue and cost containment.

Consequently, taking into account all of these indicators, the Group’s assets show no indication of impairment as of 31 December 2020.

8.2. PROPERTY, PLANT AND EQUIPMENT VARIATION

(In millions of dirhams)	*31 December 2019*	*Aquisitions*	*Provisions*	*Reductions / Reversals*	*Reclassification*	*Translation difference*	*Other changes*	*31 December 2020*
Gross amount:								
Land	6,201	100			180	1		6,482
Buildings	50,451	864		(19)	2,378			53,675
Technical installations, equipment and tools	97,110	708		(38)	1,582			99,362
Transport equipment	893	20		(20)	5			898
Furniture, office equipment and various fittings	3,325	138		(4)	145	(4)	2	3,602
Right of use of other tangible assets *	4,116	95		(5)		(4)	63	4,266
Other property, plant and equipment	9,904	7,071		(110)	(4,828)	(1)	42	12,078
Total gross amount	**172,001**	**8,996**		**(196)**	**(538)**	**(8)**	**107**	**180,362**
Depreciations:								
Land	(1,121)		(164)					(1,286)
Buildings	(12,913)		(977)	5	26			(13,859)
Technical installations, equipment and tools	(45,017)		(4,961)	36	(29)			(49,971)
Transport equipment	(727)		(39)	20	(86)			(833)
Furniture, office equipment and various fittings	(1,452)		(238)	4	102	1		(1,583)
Right of use of other tangible assets	(1,505)		(458)					(1,963)
Other property, plant and equipment	(799)		(639)	79	(13)			(1,372)
Impairment losses								
Buildings	(3)							(3)
Total depreciation and impairment losses	**(63,537)**		**(7,477)**	**152**	**(7)**			**(70,869)**
Net carrying amount	**108,464**	**8,996**	**(7,477)**	**(44)**	**(546)**	**(7)**	**107**	**109,493**

(In millions of dirhams)	*31 December 2018*	*Aquisitions*	*Provisions*	*Reductions / Reversals*	*Reclassification*	*Translation difference*	*Other changes*	*31 December 2019*
Gross amount:								
Land	6,120	(16)			98	(1)		6,201
Buildings	40,615	2,413		(12)	7,438	(2)		50,451
Technical installations, equipment and tools	97,349	1,065		(336)	(967)	(1)		97,110
Transport equipment	971	25		(13)	(90)			893
Furniture, office equipment and various fittings	2,702	109		(28)	544	(2)		3,325
Right of use of other tangible assets *		94			2,135		1,887	4,116
Other property, plant and equipment	10,911	8,098			(9,105)			9,904
Total gross amount	**158,669**	**11,787**		**(389)**	**53**	**(6)**	**1,887**	**172,001**
Depreciations:								-
Land	(1,098)		(24)					(1,121)
Buildings	(11,633)		(1,344)	3	61			(12,913)
Technical installations, equipment and tools	(41,792)		(4,418)	353	840			(45,017)
Transport equipment	(738)		(56)	13	54			(727)
Furniture, office equipment and various fittings	(1,184)		(300)	16	17			(1,452)
Right of use of other tangible assets			(468)		(1,037)			(1,505)
Other property, plant and equipment	(631)		(238)	7	63			(799)
Impairment losses								-
Buildings	(3)			1				(3)
Total depreciation and impairment losses	**(57,079)**		**(6,848)**	**393**	**(3)**	**1**		**(63,536)**
Net carrying amount	**101,590**	**11,787**	**(6,848)**	**4**	**50**	**(5)**	**1,887**	**108,464**

* The assets under finance lease are presented in rights of use of lease contracts in accordance with the application of IFRS 16.

The main increases during 2020 are related to the mining and chemical activities and relate to the following projects:

Mining activities

- Commissioning of flexible conveyors in the Storage section of the Béni Amir mine with an annual capacity of 5.5 million of tons in Khouribga sites;
- Finalization to 98 % of the mobile hopper assembly work at Benguérir mine;
- Progress to 95 % of the water supply project lots from the Al Massira dam in Benguérir Sites;
- Commissioning of the direct supply circuit for the drying ovens and recording of the expected performance in terms of fuel consumption as well as the Delivery of flotation cells in Laayoune site;
- Progress to 84 % of construction works of the temporary dike of the new phosphate activity port in Laayoune.

Chemical activity

- Construction works on a new sulfuric line at the Jorf Lasfar site with a production capacity of 5,000 MTH/d and with a 65 MW power plant. The overall investment made at the end of 2020 is MAD 3.1 billion;
- Completion of construction work on the JFC4 adaptation project to the NPS product and preparation for its commissioning;
- Rehabilitation of the JPH installations, acting in particular in the sulfur handling and smelting units. An overall budget of MAD 1.5 billion is allocated to this project, including MAD 0.9 billion assigned at the end of December 2020.

8.3. INTANGIBLE ASSETS VARIATION

(In millions of dirhams)	*31 December 2019*	*Aquisitions*	*Dotations*	*Reclassification*	*31 December 2020*
Gross amount:					
R&D assets	100	7		8	115
Patents, trademarks, rights and similar items	76	10		69	155
Licences and software	642	1,321		10	1,972
Other intangible assets	849	(175)		281	955
Total gross amount	**1,668**	**1,163**		**367**	**3,197**
Amortization:					
Amortization of R&D assets	(55)		(20)		(75)
Amortization of patents, trademarks, rights and similar items	(59)		(20)	3	(76)
Amortization of licences and software	(268)		(31)	0	(298)
Amortizaiton of other intangible assets	(190)		(81)	(3)	(274)
Total amortization and impairment losses	**(572)**		**(151)**	**1**	**(723)**
Net carrying amount	**1,095**	**1,163**	**(151)**	**368**	**2,476**

(In millions of dirhams)	*31 December 2018*	*Aquisitions*	*Dotations*	*Reclassifi-cation*	*31 December 2019*
Gross amount:					
R&D assets	85	150		(134)	100
Patents, trademarks, rights and similar items	78	2		(3)	76
Licences and software	551	36		55	642
Other intangible assets	233	636		(20)	849
Total gross amount	**947**	**824**		**(102)**	**1,668**
Amortization:					
Amortization of R&D assets	(40)		(15)		(55)
Amortization of patents, trademarks, rights and similar items	(55)		(8)	3	(59)
Amortization of licences and software	(235)		(34)	1	(268)
Amortizaiton of other intangible assets	(107)		(80)	(3)	(190)
Total amortization and impairment losses	**(437)**		**(137)**	**1**	**(572)**
Net carrying amount	**510**	**824**	**(137)**	**(101)**	**1,095**

The increase in intangible assets in 2020 corresponds to technical services carried out for the group advanced digitalization strategy, mainly with the JV TEAL as well as a set of study and engineering services realised out with various industrial operators as part of the Group's advanced digitalization strategy.

8.4. NET DEPRECIATION AND AMORTIZATION

(In millions of dirhams)	*FY 2020*	*FY 2019*
Net depreciation and amortization	**(7,403)**	**(6,956)**

Net depreciation and amortization increased by 6.4 % (MAD + 447 million) in 2020 compared to 2019, driven by the increase of the investments that are implemented in 2020.

Note 9 – Provisions and contingent liabilities

9.1. ACCOUNTING TREATMENT OF PROVISIONS

The Group recognizes a provision as soon as there is a current, legal or constructive obligation, resulting from a past event, and where it is probable that an outflow of resources will be required to extinguish the obligation.

An obligation is qualified as constructive if the following two conditions are met:

- It has been indicated to other parties, by past practice, published policies or a sufficiently specific current statement, that the entity will accept certain responsibilities;
- The entity has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

9.2. DOTATIONS NETTES AUX PROVISIONS

(In millions of dirhams)	*FY 2020*	*FY 2019*
Net provisions	**(793)**	**(511)**

Net provisions during 2020 amount to MAD 793 million , mainly relating to allocations to provisions for depreciation of stockpiling stocks, spare parts and fertilizers for a total amount of MAD 341 million, as well as allowances for impairment of trade receivables for a total of MAD 164 million in 2020.

As a reminder in 2019, the allocations to provisions mainly related to the recognition of the Heringer provision for an amount of MAD 466 million due to its financial difficulties.

9.3. PROVISIONS FOR LIABILITIES AND CHARGES

Current and non-current provisions can be broken down as follows:

(In millions of dirhams)	*31 December 2019*	*Increase*	*Reversals*		*Other*	*autres variations*	*31 December 2020*
			Used	*Unused*			
Non-current provisions	**5,900**	**108**	**(27)**			**257**	**6,237**
Provisions for employee benefits	5,380	5				261	5,646
Provisions for environmental risks & for site rehabilitation	320		(24)				296
Other non-current provisions	200	103	(4)			(4)	295
Current provisions	**353**	**83**	**(2)**			**14**	**448**
Other current provisions	353	83	(2)			14	448
Total provisions	**6,253**	**191**	**(30)**			**271**	**6,686**

Measurement of provisions for employee benefits

Provisions for employee benefits cover benefits related to the death benefit, medical plans, fixed retirement allocations and other long-term benefits. Details of these advantages are disclosed in Note 5 «Expenses and employee benefits».

Measurement of provisions for site rehabilitation

The rehabilitation of mining soils is an integral part of the OCP's sustainable development policy. The group anticipates the rehabilitation of the land from the beginning of the extraction. Its approach involves recovering the topsoil and storing it during the operation of the mine. Subsequently, at the end of the operation, these excavated materials are used to create a regular ground and prepare the soil for agricultural use. The Group also takes advantage of the opportunity to initiate agricultural and forestry activities that benefit the communities. This approach is based on the involvement of the local populations as well as the authorities and associations or agencies concerned at the start of the project. In addition to respecting the peculiarities of the soils and the local climatic conditions, the cultures and the introduced activities are done in the light of the local know-how. The former Khouribga mine testifies to the value of this approach.

The increase in other non-current provisions recorded in 2020 relate to provision for tax risks excluding corporation tax and to provisions for sate legal cases recorded mainly at OCP SA.

The increase in other current provisions during 2020 concern the rejection of VAT.

9.4. CONTINGENT LIABILITIES

Contingent liabilities concern bank guarantees and other items arising in the ordinary course of the Group's business. Group OCP does not expect these items to result in significant liabilities.

9.5. COMMITMENT GIVEN

(In millions of dirhams)	*31 December 2020*	*31 December 2019*
Letters of credit	1,650	1,774
Miscellaneous rights and commitments	728	650
Total Commitments given	**2,378**	**2,424**

Note 10 – Financial instruments, net debt and net cost of financing

10.1. CASH MANAGEMENT FINANCIAL ASSETS, FINANCIAL LIABILITIES, NET DEBT AND NET COST OF FINANCING

10.1.1 DEFINITIONS AND ACCOUNTING TREATMENT

Financial liabilities

Financial liabilities include financial loans and debts, and bank overdrafts, they are initially recognized at the fair value of the amount required to settle the corresponding obligation, less related costs. Upon subsequent measurement, these financial liabilities are recognized at amortized cost, using the effective interest rate method. The interest calculated at the effective interest rate is recognized in the item “Cost of gross financial debt” over the term of the financial debt.

Financial assets and liabilities are classified as current when expected maturity of the instrument cash flows is less than one year.

Cash and cash equivalents

«Cash and cash equivalents» include cash as well as short-term investments (with a maturity of less than three months) classified in this category as long as the following criteria are met :

- Highly liquid,
- Easily convertible to a known cash amount,
- Subject to a negligible risk of change in value.

Short-term investments primarily correspond to cash unit trusts measured at fair value at the closing date, and changes in fair value are recognized in financial profit or loss.

Cash management financial assets

Cash financial assets mainly correspond to term deposits. These are investments whose maturity and income conditions are determined when they are made and which the Group intends and has the means to keep until their maturity. They are measured at amortized cost. Remuneration of term deposits is recognized in financial profit or loss.

Net debt

Net debt is defined as the sum of current and non-current financial debt less cash and cash equivalents and financial cash assets.

Cost of net financial debt

The cost of net financial debt includes the cost of gross debt plus financial income from cash investments:

- *Cost of gross debt:* This includes interest charges calculated using the effective interest rate method, the costs of early repayment of loans or cancelation of lines of credit.
- *Financial income from cash investments:* This is composed of income from investments of cash and cash equivalents as well as financial cash assets.

10.1.2 ANALYSIS OF FINANCIAL DEBTS

10.1.2.1 BREAKDOWN OF FINANCIAL DEBTS BY TYPE

The table below shows the breakdown of the Group's financial debts by type:

(In millions of dirhams)	*31 December 2020*	*31 December 2019*
Current financial debts		
Government credits	64	64
Long-term bank loans, portion due in less than one year	10,142	5,347
Finance leases, portion due in less than one year	253	484
Accrued interest not yet due	572	574
Other credits	764	797
Total current financial debts	**11,795**	**7,267**
Non-current financial debts		
Government credits	244	303
Long-term bank loans, portion due in more than one year	18,213	20,930
Bond issue	24,936	26,840
Finance leases, portion due in more than one year	1,569	1,645
Other credits	2,003	2,573
Total non-current financial debts	**46,964**	**52,292**
Total financial debts	**58,760**	**59,559**

10.1.2.2 ANALYSIS OF FINANCIAL DEBTS: RATES AND MATURITIES

The table below shows the breakdown of total loans according to interest rate, maturity date and currency:

(In millions of dirhams)	*Interest rate*	*Weighted average interest rate*	*Weighted average residual maturity*	*31 December 2020*
Government credits				**64**
Denominated in EUR	[1.30 % - 2.50 %]	2.10 %		64
Long-term bank loans, portion due in less than one year				**10,142**
Denominated in USD	[2.94 % - 4.15 %]	3.57 %		1,252
Denominated in MAD	[3.25 % - 3.95 %]	3.79 %		8,413
Denominated in EUR	[0.63 % - 4.47 %]	2.38 %		476
Finance lease debts				
Denominated in MAD	[3.50 % - 4.70 %]	3.72 %		253
Accrued interest not yet due				**572**
Other credits				**764**
Total current financial debts				**11,795**
Government credits				
Denominated in EUR	[1.30 % - 2.50 %]	2.43 %	11	244
Long-term bank loans, portion due in more than one year				**18,213**
Denominated in EUR	[0.63 % - 4.47 %]	1.97 %	6	4,303
Denominated in MAD	[3.30 % - 3.90 %]	3.75 %	4	11,190
Denominated in USD	[2.94 % - 4.15 %]	3.55 %	4	2,720
Finance lease debts				
Denominated in MAD	[3.50 % - 4.70 %]	4.18 %		**1,569**
Bond issue				**24,936**
Denominated in USD	[4.50 % -6.88 %]	5.49 %	8	24,936
Other credits				**2,003**
Total non-current financial debts				**46,964**
Total financial debts				**58,760**

10.1.2.3 FINANCIAL DEBT MATURITIES

The table below shows the maturities of financial debts as at 31 December 2020:

(in millions of dirhams)	*<1 yr*	*1-5 yrs*	*> 5 yrs*	*Total at 31 December 2020*
Dette moyen et long terme	**11,795**	**39,250**	**7,715**	**58,760**

10.1.3 ANALYSIS OF FINANCIAL ASSETS

10.1.3.1 CASH AND CASH EQUIVALENT

(In millions of dirhams)	*31 December 2020*	*31 December 2019*
Cash	2,938	2,848
Cash equivalents	3,490	10,639
Total cash and cash equivalents	**6,428**	**13,487**
Bank (credit balances)	1	4
Cash and cash equivalents in the consolidated statement of Cash Flows	**6,427**	**13,483**

10.1.3.2 CASH MANAGEMENT FINANCIAL ASSETS

(In millions of dirhams)	*31 December 2020*	*31 December 2019*
Cash financial assets	7	573
Total	**7**	**573**

Cash management financial assets include mainly term deposits with a maturity more than three months contracted mostly by OCP SA.

10.1.3.3 MATURITIES AND FAIR VALUE OF FINANCIAL CASH ASSETS

Financial cash assets maturities

The investment portfolio must remain sufficiently liquid to respond to the financing needs generated by the Group's operations and investments.

As such, assets portfolio is composed of very short-term and liquid instruments providing for daily operating needs, and short-term instruments in order to improve yields and be in line with targets.

(In millions of dirhams)	*0-3 months*	*3-6 months*	*6-12 months*	*>1 year*	*Total*
Money market funds	2,836				2,836
Term deposit	500	162			662
Total	**3,336**	**162**			**3,497**

10.1.4 ANALYSIS OF NET DEBT

It should be noted that during 2020, OCP Group concluded new loans totaling MAD 7.8 billion with Moroccan banks, offset by scheduled repaymentsof a total debt of MAD 6.7 billion.

(In millions of dirhams)	*31 december 2020*	*31 december 2019*
Financial credits	28,560	26.646
Bonds	24,936	26,840
Other loans and assimilated debts	3,441	3,934
Bank overdrafts	3	10
Gross financial and bond debt	**56,939**	**57,430**
Cash equivalents	3,490	10,639
Cash	2,938	2,848
Financial assets for cash management	7	573
Financial assets	**6,435**	**14,060**
Net financial and bond debt	**50,504**	**43,370**
Financial debts from IFRS 16 leases	1,820	2,129
Other debts	**1,820**	**2,129**
Total gross financial debt	**58,759**	**59,559**
Total net financial debt	**52,324**	**45,499**

Reconciliation of net financial debt with cash flow in statement of Cash Flows:

(In millions of dirhams)	*31 December 2020*	*31 December 2019*
Variation nette de la trésorerie	7,051	3,663
Variation des actifs financiers	567	5,081
Emission/ Remboursements d'emprunts	(800)	1,572
Autres variations	8	(10)
Variation de l'endettement financier net	**6,826**	**10,306**

10.1.5 COST OF NET DEBT

The cost of net debt can be broken down as follows:

(In millions of dirhams)	*FY 2020*	*FY 2019*
Interest expenses	(2,437)	(1,988)
Cost of gross financial debt	**(2,437)**	**(1,988)**
Financial income from cash investments	162	191
Other financial income	104	286
Financial income from cash investments	**266**	**477**
Cost of net financial debt	**(2,171)**	**(1,511)**

The increase in the cost of net financial debt amounts to MAD 658 million during 2020 compared to 2019. This is mainly linked to the increase in interest expenses for an amount of MAD 448 million explained mainly by the decrease in the capitalization of the borrowing costs as a result of the continued commissioning of industrial projects.

10.2. OTHER FINANCIAL ASSETS

10.2.1 DEFINITIONS AND ACCOUNTING TREATMENT

Other financial assets

Other financial assets are classified as “Financial assets revalued at fair value by equity” and mainly include non-consolidated equity securities. The Group has chosen to measure its assets at fair value versus non-recyclable equity.

Other financial income and expenses

Other financial income and expenses include primarily income from loans and receivables calculated using the effective interest rate method, dividends from non-consolidated entities, exchange gains and losses on financing operations, discountof provisions,receivables and payables, ineffective cash flow hedge portion, impairment losses and income relating to financial assets.

10.2.2 NON-CURRENT FINANCIAL ASSETS

(In millions of dirhams)	*31 December 2020*			*31 December 2019*		
	Gross	*Revaluation*	*Net*	*Gross*	*Revaluation*	*Net*
Financial assets at fair value by OCI	628	(523)	105	1,103	(564)	539
Financial assetsat fair value through profit or loss	22		22	27		27
Receivables from fixed assets disposals	19	(5)	14	39	(5)	35
Other financial receivables	977	(1)	976	420	(1)	419
Total non-current financial assets	**1,646**	**(528)**	**1,118**	**1,589**	**(569)**	**1,020**

Financial assets revalued at fair value through equity correspond to non-consolidated securities held by OCP.SA and its subsidiaries, notably OCP International. The revaluation mainly concerns the depreciation of Heringer shares following its financial difficulties.

The decrease recorded at the end of December 2020 is explained by the reclassification of OCP International’s participation in the Spanish group Fertinagro from non-consolidated securities to Equity securities. It is a 20 % participation in the capital of Fertinagro.SA for a total amount of MAD 398 million .

Other financial receivables correspond mainly to a cash advance on current account from OCP Hospitality towards its new joint venture MHC.

10.2.3 OTHER FINANCIAL INCOME AND EXPENSES

Other financial income and expenses are as follows:

(In millions of dirhams)	*FY 2020*	*FY 2019*
Exchange income from financing operations	654	50
Revenue from financial receivables	(372)	(97)
Other	(77)	(64)
Other financial income and expenses	**204**	**(110)**

Other financial income and expenses increased by MAD 314 million compared to 2019. Mainly explained by a net exchange gain on loans denominated in foreign currency of MAD 654 million , due to the variation in the MAD / $ exchange rates. The exchange rates at the end of December 2020 amounted to 8.90 compared to

9.59 at the end of December 2019. This exchange gain was offset by MAD 1.5 billion due to the cash flow hedge implemented in 2018. (see Note 4.1.3 Management of exchange rate risk and credit risk).

In addition, the net financial charge of MAD 372 million corresponds to the VAT credit discounting which generated a financial charge of MAD 259 million in 2020, and to the debt discounting relating to post-deducted interest paid related to the financing agreement of the VAT credit which amounts to MAD 107 million in 2020.

10.3. WEIGHT OF FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

10.3.1 WEIGHT OF FINANCIAL INSTRUMENTS

In accordance with IFRS 7, "Financial instruments: Disclosures", fair value measurements must be classed according to a hierarchy based on the input used to evaluate the fair value of the instrument which includes the following three levels:

- **Level 1:** the use of quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- **Level 2:** the use of quoted market prices in active markets for similar assets or liabilities or measurement techniques where the relevant inputs are based on observable market data;
- **Level 3:** the use of measurement techniques where the relevant inputs are not all based on observable market data.

(in millions of dirhams)	*At 31 December 2020*					*At 31 December 2019*				
Balance sheet captions and instrument classes	*Carrying value*	*Fair value*	*Level 1 : quoted prices and available funds*	*Level 2 : internal model with observable inputs*	*Level 3 : internal model with unobservable inputs*	*Carrying value*	*Fair value*	*Level 1 : quoted prices and available funds*	*Level 2 : internal model with observable inputs*	*Level 3 : internal model with unobservable inputs*
Cash and cash equivalents	6,428	6,428	6,428			13,487	13,487	13,487		
Cash financial assets	7	7		7		573	573		573	
Available-for-sale financial assets	539	539			539	539	539			539
Financial assets measured at fair value through profit or loss	27	27			27	27	27			27
Total financial assets	**7,001**	**7,001**	**6,428**	**7**	**566**	**14,627**	**14,627**	**13,487**	**573**	**566**
Current loans and financial debts	11,795	11,795		11,795		7,267	7,267		7,267	
Non-current loans and financial debts	46,964	52,832	25,816	27,017		52,292	57,828	29,969	27,859	
Total financial liabilities	**58,760**	**64,627**	**25,816**	**38,811**		**59,559**	**65,095**	**29,969**	**35,126**	

10.3.2 RISK MANAGEMENT

10.3.2.1 CERTAIN CONTRACTUAL PROVISIONS AND TERMS OF THE DEBT

The Group's financing agreements contain standard market terms including the commitment to have at least an «Investment Grade» rating. This commitment must be respected for 6 institutions: KFW, European Investment Bank, French Development Agency, Islamic Development Bank, African Development Bank.

On May 13, 2020, Fitch downgraded the Issuer's credit rating from BBB- to BB + and changed the outlook from stable to negative as a result of weaker-than-expected credit metrics and a negative outlook assigned to the Kingdom of Morocco's credit rating.

10.3.2.2 CASH RESERVES

To meet its commitments, OCP Group also has potential cash reserves in the form of overdraft facilities and documentary credits, accompanied by guarantees attributed to the Group entities. These reserves represent a total of MAD 4.6 billion, activated without prior authorization in case of Short position on the Cash.

Moreover, the multi-entities cash pooling mechanism implemented in 2015 allows a particular operational flexibility in managing cash and achieving loans-borrowings between centralized / centralizing entities. This mechanism is based on the indirect ZBA (Zero Balancing Account) mode that allows viewing on a single account overall cash position of the entities that are included in the cash pooling.

The Group also has the ability to turn with the Moroccan partner banks, the discount mechanism without recourse of trade receivables held by OCP on some of its customers.

10.3.2.3 COMMITMENTS RECEIVED

(In millions of dirhams)	*31 December 2020*	*31 December 2019*
Unused borrowings	5,661	8,705
Other commitments received for contracts	9,772	9,624
Loans guaranteed by the State	308	368
Total Commitments received	**15,741**	**18,697**

“Other commitments received for contracts” concern commitments received from suppliers relating to advances paid within the context of the industrial programs undertaken by the Group. The analysis of the loans guaranteed by the state are presented in Note 13 «relations with the shareholders».

10.3.2.4 COUNTERPARTY RISK MANAGEMENT

Capital security is a fundamental principle of the Group’s investment policy. Cash surpluses are invested at an accepted level of risk, with high-quality counterparties.

In this respect, the Trading Room acts in compliance with the following rules and procedures:

Pre-qualifying counterparties

Pre-qualifying bank counterparties, issuers of debt, management companies and mutual funds with which the OCP Group is exposed directly or indirectly.

The Trading Room is authorized to deal with bank counterparties if the latter have a rating that is higher than the minimum rating required of three notches below the S&P and Fitch ratings for the Moroccan debt.

As for Debt issuers, the Trading Room is authorized to deal with debt issuers if the following conditions are met:

- State Treasury issue: treasury bills with a residual maturity less than or equal to two years. Derogations may be granted by the Management Committee for any other maturities on a case-by-case basis;
- Private debt issue other than with bank counterparties: any subscription must be validated by the Management Committee on a case-by-case basis.

Finally, the prequalification of UCITS consists of the following two stages:

- Choice of the management company: the management company must have a minimum management rating of M^2 according to the Fitch scale ;
- Choice of the UCITS: the investment mainly concerns low-sensitivity, fairly liquid UCITS in order to allow the Group to manage its liquidity under the best conditions.

Diversifying the counterparties

Diversifying the counterparties to which Group OCP is exposed in accordance with prudential rules that are defined internally.

Fixing limits by type of instruments held by counterparties

Outstanding direct investment with a bank counterparty is classified by instrument type and is limited according to the credit standard of the said counterparty. These limits fix:

- The maximum outstanding amount authorized with a counterparty as a percentage of equity;
- The outstanding amount with a counterparty by instrument type which must not exceed the Group's total outstanding amount invested directly in this type of instrument;
- The outstanding amount with a counterparty by instrument type which must not exceed a percentage of the counterparty's total outstanding amount in this type of instrument.

Otherwise, the outstanding amount with a UCITS is limited according to the credit rating of the management company and of such a UCITS. These limits fix the maximum outstanding amount authorized with a UCITS as a percentage of net assets and the maximum outstanding amount authorized with the management company.

Any exception to the rules above is subject to validation by the Executive Committee.

10.3.2.5 LIQUIDITY RISK

The investment portfolio must remain sufficiently liquid to respond to the financing needs generated by the Group's operations and investment. To this end, it must be composed of liquid, flexible and available instruments.

The breakdown of assets invested between the investment portfolios is based on cash flow forecasts and is as follows:

- Very short-term, liquid instruments, providing for daily operating needs ;
- Short-term instruments, in conformity with counterparty risk management, generating a yield which is in line with the yield targeted by the investment policy.

Note 11 – Corporate Income taxes

11.1. ACCOUNTING TREATMENT OF INCOME TAXES

Income taxes include the current tax expense (or income) and the deferred tax expense (or income). Tax is recognized in profit or loss, unless it relates to items that are recognized directly in equity, in which case it is recognized in equity. The tax rates used are those that have been enacted or substantially enacted as of the closing date.

Deferred tax is determined according to the balance sheet approach. The Group applies the liability method. OCP Group recognizes deferred tax for all temporary differences that exist between the tax bases and the carrying amounts of the assets and liabilities in the balance sheet except for goodwill.

Tax assets relating to temporary differences, net of chargeable deferred tax liabilities, and loss carry-forwards are only recognized if it is probable that a likely future profit, determined with sufficient precision, will be generated by the tax entity.

A Group entity shall offset current tax assets and current tax liabilities if, and only if, the entity:

- has a legally enforceable right to set off the recognized amounts; and ;
- Intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Deferred tax assets and liabilities, whatever their maturity, must be offset when they are levied by the same tax authority and concern a single tax entity that has the right to set off current tax assets against current tax liabilities.

11.2. ANALYSIS OF TAX EXPENSE

(In millions of dirhams)	*FY 2020*	*FY 2019*
Current tax expense/current tax income	(1,379)	(1,502)
Deferred tax expense/deferred tax income	475	(223)
Corporate income tax	**(904)**	**(1,725)**

11.3. RECONCILIATION BETWEEN THE TOTAL TAX EXPENSE AND THE THEORETICAL TAX EXPENSE

The trend in deferred tax assets and liabilities is as follows:

(In millions of dirhams)	*FY 2020*	*FY 2019*
+Net income - Group share	3,231	2,843
+Net income - Minorities' share	160	173
-Share of profit (loss) of equity-accounted companies	(342)	(360)
+/-Tax for the period	904	1,725
Consolidated accounting income before tax	**3,952**	**4,381**
+/- Permanent differences*	1,055	1,208
= Consolidated taxable income	**5,007**	**5,589**
Theorical tax rate	22.78 %	22.50 %
=Theoretical tax **	**(1,141)**	**(1,257)**
Difference in tax rate in relation to OCP SA	32	(574)
Prior years' income taxes	47	113
Other items	157	(7)
= Corporate income tax	**(904)**	**(1,725)**
including		
current tax	*(1,379)*	*(1,502)*
deferred tax	*475*	*(223)*

(*) The main permanent differences are the previous exercises' expenses, tax control expenses subsidies and non-deductible donations and income equity.
(**) The theoretical tax rate takes into account local sales taxed at 30 % and export sales realized in foreign currency taxed at 17.5 %

11.4. DEFERRED TAX ASSETS AND LIABILITIES

(In millions of dirhams)	*31 December 2019*	*Activity changes in income*	*Change in consolidation scope*	*31 December 2020*
Gross deferred tax assets	79	541		620
Unrecognized deferred tax assets				
Net deferred tax assets	**79**	**541**		**620**
Deferred tax liabilities	**1,031**	**264**		**1,295**

The breakdown by type of deferred tax asset and liability is as follows:

(In millions of dirhams)	*31 December 2020*	*31 December 2019*
Temporary differences	1,604	1,323
Eliminations of intercompany transactions	547	632
Intangible assets	58	(348)
Tangible assets	20	20
Financial assets available for sale	49	49
Other asset items	83	5
Provisions for employee benefits	1,617	1,617
Other provisions	664	664
Tax loss carryforwards	379	73
Offsetting	(4,402)	(3,956)
Total deferred tax assets	**620**	**79**

(In millions of dirhams)	*31 December 2020*	*31 December 2019*
Temporary differences	3	3
Eliminations of intercompany transactions	(223)	(223)
Intangible assets	114	109
Tangible assets	5,343	4,659
Financial assets at fair value by OCI	49	49
Inventories	399	399
Other assets items	(190)	(238)
Other provisions	353	93
Tax loss carryforwards	(380)	(91)
Other	229	228
Offsetting	(4,402)	(3,956)
Total deferred tax liabilities	**1,295**	**1,031**

Note 12 – Equity, dividends and earnings per share

12.1. ISSUED CAPITAL

As at 31 December 2020, the share capital amounts to MAD 8,288 million. It is composed of 82,875,000 shares with a nominal value of MAD 100.729,300 OCP shares are held by its subsidiary SADV.

(In number of shares)	*Ordinary shares*
Outstanding at 1er January 2020	**82,875,000**
Issues of shares for cash in FY 2020	
Outstanding at 31 December 2020	**82,875,000**
Nominal value	**100 Dirhams**

12.2. DIVIDENDS

The MAD 4,461 million in dividends paid in respect of FY 2020 correspond to a net dividend per share of MAD 54.30.

	31 December 2020	*31 December 2019*
Amount of dividends (in millions of dirhams)	4,461	3,346
Dividend per share (in dirhams)	54.30	40.73

12.3. EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the net profit for the year attributable to ordinary shareholders of the parent company, OCP SA, by the weighted average number of ordinary shares outstanding excluding treasury stock.

(In millions of dirhams)	*FY 2020*	*FY 2019*
Net profit, Group share (in millions of dirhams)*	**2,821**	**2,428**
Average number of shares in circulation as at 31 December	82,875,000	82,875,000
Average number of own shares in circulation during the period	729,300	729,300
Number of shares used for the calculation of income	**82,145,700**	**82,145,700**
Basic and diluted net earnings per share (in dirhams)	**34.34**	**29.56**

(*) In accordance with IAS 33.19 and 12, adjusted net profit includes the cost of the coupon attributable to holders of subordinated shares issued by the OCP group (MAD -410 million).

Note 13 – Relations with the shareholders

The State of Morocco is a shareholder of OCP with a majority share of 94.12 %. The BCP group holds 5.00 % with direct participation and participations through its subsidiaries Socinvest, Infra Maroc Capital and Prev Invest.SA. As such, the shareholders receive annual dividends in accordance with the company's dividend distribution policy. The dividends to be paid are proposed by the Board of Directors to the General Meeting of Shareholders. Their amount depends on several parameters, in particular the profits made, cash available and the company's financial structure, as well as other factors that the Board of Directors may consider to be relevant.

In 2020, the State of Morocco received dividends net of taxes amounting to MAD 4.24 billion in respect of the distributable profit for financial year 2019.

OCP has been a Société Anonyme (public limited liability company) since March 2008. Prior to that date, OCP, as a public enterprise, benefited from the State guarantee for loans taken out with foreign organisations.

Objet de l'emprunt	*Loan currency*	*Date of loan*	*(In millions of dirhams) 31 December 2020*	*(In millions of dirhams) 31 December 2019*
AFD outstanding loans consolidation	EUR	2005	253	279
Sidi Chennane mining operations	EUR	2002	50	82
Renewal of the sulphur unit circulation tank and supply circuit	EUR	2007	5	6
Acquisition of two hydraulic excavators	EUR	2001		1
TOTAL	**EUR**		**308**	**368**

In the same way as all companies resident in Morocco, OCP Group is subject to the tax legislation in force, which requires the payment of duties, taxes and levies to the Moroccan State.

The following table shows the transactions performed with the State or with companies under state-control as well as with BCP for 2019 and 2020:

(In millions of dirhams)	*FY 2020*		*FY 2019*	
	State and State-controlled enterprises	*BCP*	*State and State-controlled enterprises*	*BCP*
Interest on investments	55	36	84	63
Utility costs	992		1.014	
Other operating expenses	324		272	
Interest on loans	39	148	20	101
Social charges	550		538	
Transport expenses ONCF	995		962	
Subscription ONCF / lump-sum contributions	400		400	
Assets and inventories purchases	35		95	

(In millions of dirhams)	*31 December 2020*		*31 December 2019*	
	State and State-controlled enterprises	*BCP*	*State and State-controlled enterprises*	*BCP*
Trade payables	717		531	
Other receivables	580		702	
Cash and cash equivalents	183	759	382	2 365
Investments	500		2 000	
Loans	1 730	4 162	807	4 635

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RAPPORT D'AUDIT SUR LES ETATS FINANCIERS CONSOLIDES

EXERCICE DU 1ER JANVIER AU 31 DECEMBRE 2020

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Aux Actionnaires de la société
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**RAPPORT D'AUDIT SUR LES ETATS FINANCIERS CONSOLIDES
EXERCICE DU 1ER JANVIER AU 31 DECEMBRE 2020**

Opinion

Nous avons effectué l'audit des états financiers consolidés de la société OCP S.A. et de ses filiales (le « Groupe »), qui comprennent l'état consolidé de la situation financière au 31 décembre 2020, ainsi que le compte de résultat consolidé et l'état consolidé du résultat global, l'état consolidé des variations des capitaux propres et le tableau consolidé des flux de trésorerie pour l'exercice clos à cette date, ainsi que les notes annexes, y compris un résumé des principales méthodes comptables. Ces états financiers consolidés font ressortir un montant de capitaux propres consolidés de MMAD 77.591 dont un bénéfice net consolidé de MMAD 3.391. Ces états ont été arrêtés par le Conseil d'administration du 17 mars 2021 dans un contexte évolutif de la crise sanitaire de l'épidémie de Covid-19, sur la base des éléments disponibles à cette date.

Nous certifions que les états financiers consolidés cités au premier paragraphe ci-dessus, sont réguliers et sincères et donnent dans tous leurs aspects significatifs, une image fidèle de la situation financière consolidée du groupe au 31 décembre 2020, ainsi que de sa performance financière consolidée et de ses flux de trésorerie consolidés pour l'exercice clos à cette date, conformément aux Normes Internationales d'Information Financière (IFRS) telles qu'adoptées dans l'Union Européenne.

Fondement de l'opinion

Nous avons effectué notre audit selon les Normes de la Profession au Maroc. Les responsabilités qui nous incombent en vertu de ces normes sont plus amplement décrites dans la section « Responsabilités de l'auditeur à l'égard de l'audit des états financiers consolidés » du présent rapport. Nous sommes indépendants du groupe conformément aux règles de déontologie qui s'appliquent à l'audit des états financiers consolidés au Maroc et nous nous sommes acquittés des autres responsabilités déontologiques qui nous incombent selon ces règles. Nous estimons que les éléments probants que nous avons obtenus sont suffisants et appropriés pour fonder notre opinion d'audit.

Questions clés de l'audit

Les questions clés de l'audit sont les questions qui, selon notre jugement professionnel, ont été les plus importantes dans l'audit des états financiers consolidés de la période considérée. Ces questions ont été traitées dans le contexte de notre audit des états financiers consolidés pris dans leur ensemble et aux fins de la formation de notre opinion sur ceux-ci, et nous n'exprimons pas une opinion distincte sur ces questions.

Questions clés de l'audit	Notre réponse
Evaluation des immobilisations corporelles *(cf. note 8.1 « traitement comptable des immobilisations» et 8.2 « variations des immobilisations corporelles »)* Au 31 décembre 2020, la valeur nette comptable des immobilisations corporelles s'élève à MMAD 109.494 (soit 66% du total des actifs). Les immobilisations corporelles sont comptabilisées à leur coût historique d'acquisition, de production ou d'entrée dans le Groupe, diminué des amortissements et des pertes de valeur éventuelles. Ce coût est augmenté des coûts d'emprunt encourus pendant la phase de construction des actifs concernés. Les immobilisations sont amorties selon les modalités définies en annexe. Leur durée d'utilité est réexaminée à chaque clôture pour que celle-ci reflète les durées d'utilisation prévues. Le Groupe procède à des tests de perte de valeur des actifs corporels à durée de vie déterminée lorsqu'il existe des indices de perte de valeur tels que définis dans les annexes. Ces actifs sont testés au niveau des unités génératrices de trésorerie (UGT) définies par le Groupe, sur la base de l'actualisation des flux de trésorerie futurs. Nous avons considéré que l'évaluation des immobilisations corporelles est un point clé de l'audit en raison : - du poids de ces actifs dans les comptes du Groupe, et de la poursuite par le Groupe de son programme d'investissements ; - du fait de l'impact significatif des dates de mise en service effectives sur les amortissements de la période et sur la valeur nette de l'immobilisation ; - du fait que l'évaluation des immobilisations corporelles requiert de la part de la Direction l'exercice de jugement et l'utilisation d'estimations dans : ▪ La définition des durées d'utilité retenues par composants ▪ La détermination des flux de trésorerie futurs actualisés utilisés pour les tests de dépréciation.	Les travaux que nous avons effectués ont principalement consisté à : ▪ prendre connaissance des procédures de contrôle interne relatives à la comptabilisation des immobilisations corporelles, à la capitalisation des investissements et à la mise en service des immobilisations, à l'estimation de la durée d'utilité des actifs amortissables ainsi qu'à leur évaluation et leur dépréciation. ▪ tester l'efficacité des contrôles clés relatifs à ces procédures, en particulier ceux relatifs à la mise en service des immobilisations corporelles, à la durée et à la date de début de leur amortissement. ▪ nous avons également, sur la base d'échantillonnage, procédé à un examen des dates effectives de mise en service des immobilisations et de leurs durées d'amortissement en consultant la documentation disponible et en nous entretenant avec des chefs de projet. ▪ nous avons procédé à un examen critique de l'existence éventuelle d'indices de pertes de valeur au 31 décembre 2020 à travers l'analyse des indicateurs de production et de performance industrielle et commerciale par rapport aux capacités de production, aux budgets, et aux performances historiques. ▪ pour les actifs/UGT présentant des indices de perte de valeurs, nous avons examiné les tests de dépréciation réalisés par le Groupe durant l'exercice, à travers l'analyse de la documentation relative à la détermination de la valeur recouvrable, et l'appréciation de la cohérence des projections des flux de trésorerie validées par la Direction et des hypothèses retenues par rapport aux performances historiques et perspectives de marchés.
Comptabilité de couverture des risques de change *(cf. note 4.1.3 «Gestion du risque de change et du risque de crédit»)* Dans le cadre de ses activités, le Groupe réalise la majorité de ses ventes en dollars et a émis deux dettes obligataires en dollars, en avril 2014 et en avril 2015, remboursables in fine pour respectivement 1,25 milliard de dollars et 1 milliard de dollars. Ces dettes généraient à chaque arrêté la comptabilisation d'écarts de change significatif en résultat, conformément à IAS 21.	Les travaux que nous avons effectués ont principalement consisté à : ▪ procéder à un examen critique de la documentation de la relation de couverture préparée par le Groupe au regard des exigences de la norme IAS 39. ▪ examiner notamment : - l'éligibilité à la comptabilité de couverture des ventes futures en tant qu'élément couvert conformément à IAS 39, et notamment de leur caractère hautement probable au vues des réalisations historiques et des budgets.

Afin de limiter cet impact, le Groupe a mis en place à partir du 1er septembre 2018, une comptabilité de couverture de type couverture de flux futurs entre les ventes futures en dollars hautement probables (élément couvert) et les deux émissions obligataires en dollars (instrument de couverture). L'élément couvert correspond aux montants de ventes futures qui seraient respectivement réalisées à partir d'avril 2024 et octobre 2025, dates auxquelles les dettes obligataires arrivent à maturité. Au titre de cette comptabilité de couverture, un test prospectif est réalisé à chaque arrêté comptable par le Groupe afin de contrôler le caractère hautement probable des ventes futures désignées en couverture, ainsi qu'un test d'efficacité prospective conformément aux exigences d'IAS 39. Cette stratégie de couverture, en application des principes de la norme IAS 39, se traduit par : ▪ La comptabilisation en OCI (*Other Comprehensive Income*), pour la part efficace, de l'effet de change sur la dette jusqu'à sa maturité ▪ La comptabilisation de la part non efficace en résultat ▪ Le recyclage en résultat des OCI accumulés à la maturité de la dette. Nous avons considéré ce sujet comme un point clé de l'audit compte tenu des impacts significatifs des variations des cours de change sur le résultat et les capitaux propres du Groupe.	- l'existence des dettes et de leur validité en tant qu'instrument de couverture au titre du risque de change conformément à IAS 39. ▪ analyser les tests d'efficacité de la relation de couverture ▪ examiner les impacts comptables de cette couverture sur les comptes de l'exercice pour la part efficace et pour la part non efficace.
Provision pour avantages au personnel *(cf. note 5.1.3 «Présentation générale des régimes existant au sein du Groupe et traitement comptable»)* Le Groupe dispose de plusieurs régimes d'avantages postérieurs à l'emploi à cotisations et prestations définies. Une partie significative est constituée de régimes à prestations définies, pour lesquels le Groupe est engagé sur un niveau de prestations. Ces régimes comprennent notamment : l'allocation décès, les indemnités de fin de carrière et la couverture médicale post-emploi. La valeur actuarielle des avantages du personnel accumulés liés à ces engagements s'élève à MMAD 5.525 au 31 décembre 2020. Les régimes à prestations définies font l'objet d'une évaluation actuarielle de l'engagement selon la méthode des unités de crédit projetées, prenant en compte des hypothèses démographiques et financières et dont les hypothèses actuarielles sont revues sur un rythme annuel. Les différences liées aux changements d'hypothèses actuarielles et les ajustements liés à l'expérience constituent des écarts actuariels comptabilisés en capitaux propres non recyclables conformément aux dispositions de la norme IAS 19 révisée.	Nous avons pris connaissance du processus d'évaluation des engagements au titre des avantages postérieurs à l'emploi appliqué par le Groupe. Avec l'assistance de nos experts en actuariat, nos travaux ont notamment consisté à : ▪ procéder à un examen des principales hypothèses retenues, notamment les taux d'actualisation et d'inflation au regard des conditions de marché. ▪ apprécier la cohérence des hypothèses relatives notamment aux évolutions de salaires et aux données démographiques (tables de mortalité, taux d'inflation des coûts médicaux) avec les spécificités des régimes et celles de l'entité. ▪ examiner les calculs préparés par le Groupe, notamment ceux étayant la sensibilité de la dette aux variations du taux d'actualisation et aux variations du taux d'évolution des coûts médicaux. ▪ analyser l'hypothèse relative au basculement du régime maladie vers l'AMO en 2022, au regard de l'évolution des textes réglementaires.

L'évaluation des passifs des engagements au titre des avantages au personnel ainsi que de la charge actuarielle de l'exercice, requiert du jugement pour déterminer les hypothèses appropriées à retenir telles que les taux d'actualisation et d'inflation, la date prévisionnelle de basculement vers l'AMO (Assurance Maladie Obligatoire), le taux d'évolution des coûts médicaux, les futures augmentations de salaires, les tables de mortalité... Il est à noter que le Groupe OCP a prévu le basculement du régime maladie vers l'AMO en 2022. La variation de certaines de ces hypothèses pourrait avoir une incidence significative sur la détermination du passif comptabilisé ainsi que sur le résultat du Groupe. De ce fait, nous avons considéré l'évaluation de la provision pour avantages au personnel comme un point clé de l'audit.	▪ examiner, sur base de sondages, la correcte transcription dans le calcul des engagements effectué par le Groupe des données individuelles et des hypothèses actuarielles et démographiques retenues par la Direction ; ▪ examiner la cohérence des analyses de sensibilité présentées notamment dans les notes de l'annexe aux états financiers consolidés.

Responsabilités de la Direction et des responsables de la gouvernance à l'égard des états financiers consolidés

La Direction est responsable de la préparation et de la présentation fidèle des états financiers consolidés conformément aux IFRS, ainsi que du contrôle interne qu'elle considère comme nécessaire pour permettre la préparation d'états financiers consolidés exempts d'anomalies significatives, que celles-ci résultent de fraudes ou d'erreurs.

Lors de la préparation des états financiers consolidés, c'est à la Direction qu'il incombe d'évaluer la capacité du groupe à poursuivre son exploitation, de communiquer, le cas échéant, les questions se rapportant à la continuité de l'exploitation et d'appliquer le principe comptable de continuité d'exploitation, sauf si la Direction a l'intention de liquider le groupe ou de cesser son activité ou si aucune autre solution réaliste ne s'offre à elle.
Il incombe aux responsables de la gouvernance de surveiller le processus d'information financière du groupe.

Responsabilités de l'auditeur à l'égard de l'audit des états financiers consolidés

Nos objectifs sont d'obtenir l'assurance raisonnable que les états financiers consolidés pris dans leur ensemble sont exempts d'anomalies significatives, que celles-ci résultent de fraudes ou d'erreurs et de délivrer un rapport de l'auditeur contenant notre opinion. L'assurance raisonnable correspond à un niveau élevé d'assurance, qui ne garantit toutefois pas qu'un audit réalisé conformément aux normes de la profession au Maroc permettra toujours de détecter toute anomalie significative qui pourrait exister. Les anomalies peuvent résulter de fraudes ou d'erreurs et elles sont considérées comme significatives lorsqu'il est raisonnable de s'attendre à ce que, individuellement ou collectivement, elles puissent influer sur les décisions économiques que les utilisateurs des états financiers consolidés prennent en se fondant sur ceux-ci.

Dans le cadre d'un audit réalisé conformément aux normes de la profession au Maroc, nous exerçons notre jugement professionnel et faisons preuve d'esprit critique tout au long de cet audit. En outre :

- Nous identifions et évaluons les risques que les états financiers consolidés comportent des anomalies significatives, que celles-ci résultent de fraudes ou d'erreurs, concevons et mettons en œuvre des procédures d'audit en réponse à ces risques, et réunissons des éléments probants suffisants et appropriés pour fonder notre opinion. Le risque de non-détection d'une anomalie significative résultant d'une fraude est plus élevé que celui d'une anomalie significative résultant d'une erreur, car la fraude peut impliquer la collusion, la falsification, les omissions volontaires, les fausses déclarations ou le contournement du contrôle interne ;
- Nous acquérons une compréhension des éléments du contrôle interne pertinents pour l'audit afin de concevoir des procédures d'audit appropriées aux circonstances, et non dans le but d'exprimer une opinion sur l'efficacité du contrôle interne du Groupe ;
- Nous apprécions le caractère approprié des méthodes comptables retenues et le caractère raisonnable des estimations comptables faites par la Direction, de même que des informations y afférentes fournies par cette dernière ;
- Nous tirons une conclusion quant au caractère approprié de l'utilisation par la Direction du principe comptable de continuité d'exploitation et, selon les éléments probants obtenus, quant à l'existence ou non d'une incertitude significative liée à des événements ou situations susceptibles de jeter un doute important sur la capacité du groupe à poursuivre son exploitation. Si nous concluons à l'existence d'une incertitude significative, nous sommes tenus d'attirer l'attention des lecteurs de notre rapport sur les informations fournies dans les états financiers au sujet de cette incertitude ou, si ces informations ne sont pas adéquates, d'exprimer une opinion modifiée. Nos conclusions s'appuient sur les éléments probants obtenus jusqu'à la date de notre rapport. Des événements ou situations futurs pourraient par ailleurs amener le groupe à cesser son exploitation ;
- Nous évaluons la présentation d'ensemble, la structure et le contenu des états financiers consolidés, y compris les informations fournies dans les notes, et apprécions si les états financiers consolidés représentent les opérations et événements sous-jacents d'une manière propre à donner une image fidèle ;
- Nous obtenons des éléments probants suffisants et appropriés concernant les informations financières des entités et activités du groupe pour exprimer une opinion sur les états financiers consolidés. Nous sommes responsables de la Direction, de la supervision et de la réalisation de l'audit du groupe. Nous assumons l'entière responsabilité de l'opinion d'audit.

Nous communiquons aux responsables de la gouvernance notamment l'étendue et le calendrier prévus des travaux d'audit et nos constatations importantes, y compris toute déficience importante du contrôle interne que nous aurions relevée au cours de notre audit.

Casablanca, le 17 mars 2021

Les Auditeurs Contractuels

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